



**FOREIGN  
BROADCAST  
INFORMATION  
SERVICE**

# ***Daily Report***

## **China**

**FBIS-CHI-94-049  
Monday  
14 March 1994**

# Daily Report

## China

FBIS-CHI-94-049

### CONTENTS

14 March 1994

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

#### INTERNATIONAL AFFAIRS

##### General

Jiang Zemin Meets Orbis World Organization Leader [XINHUA] .....	1
U.S. Considers Lifting Military Aid Ban on Pakistan [XINHUA] .....	1
Kozyrev Arrives in Vladivostok To Meet U.S. Secretary [XINHUA] .....	1
Russia's Yeltsin Orders 'Retargeting' of Missiles [XINHUA] .....	1
Bosnian Prime Minister Leaves Moscow After Talks [XINHUA] .....	1
Bosnian Leader Says Agreement Not Aimed at Serbs [XINHUA] .....	2
Northern Iraq Situation Reviewed in Ankara [XINHUA] .....	2

##### United States & Canada

U.S. Secretary of State Meets PRC Leaders .....	3
Qian Qichen Meets Christopher [XINHUA] .....	3
Further on Meeting [XINHUA] .....	3
Shattuck-Wei Meeting 'Interference' [AFP] .....	3
Qian Qichen Hopes for 'Frank Dialogue' [XINHUA] .....	3
Qian, Christopher Hold 'Candid' Talks [XINHUA] .....	4
Li Peng Gives U.S. Secretary Views on Relations, MFN [XINHUA] .....	5
More on Meeting [XINHUA] .....	6
Discuss Korean Nuclear Issue [Seoul YONHAP] .....	7
Jiang Zemin on Need To Improve Ties [XINHUA] .....	7
Qian Qichen Confident U.S. Will Renew MFN Status [AFP] .....	8
Views Results of Christopher Visit [XINHUA] .....	9
Christopher on Beijing Visit [XINHUA] .....	9
Columnist Criticizes U.S. Human Rights Diplomacy [Hong Kong TA KUNG PAO 14 Mar] .....	9
Editorial Views U.S. Secretary's Visit to Beijing [Hong Kong WEN WEI PO 14 Mar] .....	10
U.S., Foreign Journalists Reportedly Held in Beijing .....	11
U.S. Journalists Held [AFP] .....	11
XINHUA on Detention .....	12
BBC Journalist Detained [Hong Kong MING PAO 14 Mar] .....	12

##### West Europe

Lu Ping Reports on Differences With UK on Hong Kong [XINHUA] .....	12
Pledges Smooth Transition for Hong Kong [XINHUA] .....	13
Rong Yiren Says Sino-Luxembourg Cooperation Promising [XINHUA] .....	13
Foreign Minister Qian Qichen Meets Luxembourg Prince [XINHUA] .....	14

##### East Europe

Romanian President Iliescu Arrives in Shenzhen [XINHUA] .....	14
Praises Special Economic Zone [XINHUA] .....	14
Iliescu Visits Guangzhou [XINHUA] .....	15
Romanian President Ends Visit [XINHUA] .....	15



## NATIONAL AFFAIRS

### Political & Social

Li Peng Urges Consensus in Balancing Reform, Stability [XINHUA] .....	16
Comments on Foodstuffs Production [XINHUA] .....	16
Offers Advice for Provinces [XINHUA] .....	17
Joins NPC Deputies in Discussions [XINHUA] .....	17
Talks With Beijing Delegates [XINHUA] .....	18
Announces Decision on Engineering Academy [XINHUA] .....	19
Jiang Zemin Urges Army To Defend Modernization Program [XINHUA] .....	19
Jiang Zemin Speaks to Deputies' Meeting on Domestic Work [XINHUA] .....	20
Jiang Zemin Discusses Situation in Shanghai [Shanghai Radio] .....	21
Jiang Zemin, Others Attend NPC Second Session [Beijing TV] .....	23
Jiang Zemin Speaks at Shanghai Group Meeting [XINHUA] .....	23
Liu Huaqing on Modernization of Defense [XINHUA] .....	25
Liu Huaqing Urges Army Officers To Defend Reform [XINHUA] .....	26
Liu Huaqing Discusses Work Report With Hubei Deputies [XINHUA] .....	27
Liu Huaqing Calls on Anhui Deputation to NPC Session [XINHUA] .....	28
CCTV Reports on Liu Zhongli's Budget Address [Beijing TV] .....	28
Chen Jinhua Reports on National Economy [Beijing TV] .....	30
Chen Jinhua Outlines Macroeconomic Control Targets [XINHUA] .....	34
Qiao Shi Urges Sichuan To Speed Up Economic Growth [XINHUA] .....	35
Qiao Shi on Favorable Situation, Economic Growth [XINHUA] .....	35
Qiao Shi Attends Zhejiang Group Discussions [XINHUA] .....	36
Qiao Shi Calls on Anhui Deputation to NPC Session [Hefei Radio] .....	37
Qiao Shi Urges Sichuan To Accelerate Economic Development [XINHUA] .....	37
Zhang Wannian, Other PLA Leaders Speak at NPC Discussion [Beijing Radio] .....	38
PLA Delegation Reviews Li Peng's Report [XINHUA] .....	38
XINHUA Branch Director Zhou Nan on Hong Kong Issue .....	40
Official on Firm Beijing Commitment to Hong Kong Basic Law [XINHUA] .....	40
Education Minister Zhu Kaixuan Urges More Investment [XINHUA] .....	41
Leaders Call on Provinces To Develop Agriculture [XINHUA] .....	42
Zhu Rongji Holds Talks With NPC Deputies [XINHUA] .....	43
Zhu Rongji Comments on Stabilizing Prices, Market [XINHUA] .....	44
Zhu Rongji Urges Guizhou on Cigarette, Liquor Output [XINHUA] .....	44
Qian Qichen Calls Cross-Strait Exchanges 'Irresistible' [XINHUA] .....	44
RENMIN RIBAO Views Development, Stability [XINHUA] .....	45
NPC Deputies Discuss Government Work Report [XINHUA] .....	46
NPC Delegates Push For Details of Journalist's Detention [Hong Kong SOUTH CHINA SUNDAY MORNING POST 13 Mar] .....	47
Zou Jiahua Urges Reduction in State Industry Losses [XINHUA] .....	47
CPPCC Views Challenges Facing State Enterprises [XINHUA] .....	47
CPPCC Members Call for Relics Protection [XINHUA] .....	48
CPPCC National Committee Answers Reporters' Questions [XINHUA] .....	48
CPPCC Members Hold Group Discussions on Economy, Reform [XINHUA] .....	49
Hong Kong NPC Deputies Seek Protection of Workers' Rights [XINHUA] .....	49
Hong Kong Economist Discusses Chinese Debt [XINHUA] .....	50
Official Warns UK Trade May Suffer From Sino-British Row [Hong Kong SOUTH CHINA SUNDAY MORNING POST 13 Mar] .....	50
Hu Jintao Discusses Tibet-Related Work [XINHUA] .....	51
Tibet Deputy Stresses Development as 'Human Rights' [XINHUA] .....	51
Tibetan NPC Deputies Discuss Progress in Tibet [XINHUA] .....	52
Tibet Deputies Describe Region's Economic Progress [XINHUA] .....	53
Hu Jintao Joins Discussion with Tibet Delegates [XINHUA] .....	53
Hezhen Nationality Representative Attends NPC [XINHUA] .....	54
NPC Deputy on Xiamen Local Legislative Power [XINHUA] .....	55
Northwest Concerned About Exodus of Professionals [XINHUA] .....	55
Reports on Luo Gan, Li Lanqing at NPC, CPPCC Sessions [XINHUA] .....	56
Zou Jiahua, Other Leaders Speak at Group Discussions [XINHUA] .....	56

Guangdong Governor Voices Backing for Central Tax Reforms [Hong Kong SOUTH CHINA SUNDAY MORNING POST 13 Mar]	57
Rong Yiren Participates in Shanghai Delegation's Discussion [XINHUA]	58
Shanghai Leaders Back Macrocontrol Measures [XINHUA]	59
Deputies Stress Overall Task in Work Report [XINHUA]	59
Beijing Radio Calls for Paying More Heed to Overall Task	61
Wu Bangguo, Huang Ju Call For Justifying Deng's Trust [XINHUA]	62
Agriculture Minister on Product Balance, Efficiency [XINHUA]	62
Heilongjiang Governor Shao Qihui on Opening of Border Areas [XINHUA]	63
Hainan Governor Ruan Chongwu on Changing Government's Role [XINHUA]	63
Governor Ma Zhongchen on Population Growth Drop in Henan [XINHUA]	64
'Leading Industrialist' Says Reform To Continue [Hong Kong SOUTH CHINA MORNING POST 12 Mar]	64
Provincial Leaders Interviewed on Development Gap [XINHUA]	65
New Model 'Red Flag' Limousine Reported Set For Production [XINHUA]	65
Yang Zhou Detained Overnight, Released 12 Mar [AFP]	66
Yang Zhou Released 13 Mar After 2d Detention [AFP]	66
Wang Fuchen, Yang Zhou Released 14 Mar [AFP]	66
Hong Kong Daily Views Detention of Dissidents [Hong Kong SOUTH CHINA SUNDAY MORNING POST 13 Mar]	66
Wang Dan, Other Dissidents Leave Beijing [Hong Kong MING PAO 12 Mar]	67
Dissidents 'Deliberately' Leave Beijing [Hong Kong LIEN HO PAO 12 Mar]	68
Wang Dan, Others Tour Under 'Escort' [Hong Kong LIEN HO PAO 14 Mar]	68
Xu Liangying Reports Ding Zilin's Situation [Hong Kong LIEN HO PAO 13 Mar]	69
Article Views Coming 'Tough Battle' in Reform [RENMIN RIBAO 10 Mar]	69
Han Dongfang Publication Smuggled Onto Mainland [Hong Kong SOUTH CHINA MORNING POST 13 Mar]	74
Deng's Daughter Interviewed on NPC, Deng's Health [Beijing TV]	75
Editorial on Li Peng's Government Work Report [Hong Kong TA KUNG PAO 12 Mar]	75
Jiang Zemin Signs PLA Afforestation Regulations [XINHUA]	76
Chen Yun Likely To Visit Shenzhen in April, May [Hong Kong HSIN PAO 13 Mar]	76
Factions Use Deng Xiaoping's Name To Bolster Authority [Hong Kong SOUTH CHINA MORNING POST 12 Mar]	77
Daily Carries QIUSHI Table of Contents [RENMIN RIBAO 14 Mar]	77
Over 18 Million Muslims Celebrate Bairam Festival [XINHUA]	78
Ni Zhifu, Others Mark Anniversary of Sun Yat-sen's Death [XINHUA]	78
Statistics Reveal Improvement in People's Living Standards [XINHUA]	79

## Taiwan

Military Chief Warns of Dangers of Cutting Defense Budget [CNA]	80
Premier Lien Chan Advocates Fair Trade [CNA]	80
Premier Lien's Work Report on Administration [Taipei CHUNG YANG JIH PAO 12 Jan]	80

## HONG KONG & MACAO

### Hong Kong

Lu Ping, Zhou Nan Experience 'War of Words' Over Hong Kong [Hong Kong HSIN PAO 11 Mar]	86
Official Blames Britain for Lack of 'Through Train' [XINHUA]	87
Editorial Criticizes UK Policy in Territory [Hong Kong WEN WEI PO 12 Mar]	87
Leading Banker Urges End to U.S. Dollar Peg [AFP]	88

## General

### Jiang Zemin Meets Orbis World Organization Leader

OW1203133694 Beijing XINHUA in English 1320  
GMT 12 Mar 94

[Text] Beijing, March 12 (XINHUA)—Chinese President Jiang Zemin met and had a cordial talk with Oliver Foot, president and executive director of Orbis International—the world's only flying eye hospital—here this afternoon.

During the meeting Jiang expressed appreciation of fruitful cooperation between Orbis and China, hoping that Orbis will make greater contributions to the work of the prevention and control of blinding diseases in the world.

Foot said the flying eye hospital has conducted the most successful cooperation with the Chinese Ministry of Public Health and run training courses on ophthalmology in Taiyuan, Shanxi Province, since its founding in 1982.

He told Jiang that Orbis has decided to present the Chinese government with the DC-8 special plane that the hospital once used, as an exhibit and a symbol of peace, cooperation and friendship.

"We welcome your decision," Jiang said.

Up to now, the hospital has helped restore the sight of more than 8,000 blind people. More than 7,000 eye doctors have been trained by the hospital.

Chen Minzhang, Chinese minister of public health, participated in the meeting.

### U.S. Considers Lifting Military Aid Ban on Pakistan

OW1303181694 Beijing XINHUA in English 1707  
GMT 13 Mar 94

[Text] Washington, March 13 (XINHUA)—The U.S. Administration is considering a proposal that Congress lift its ban on military aid to Pakistan in exchange for halting production of nuclear weapons materials.

The proposal would allow Pakistan to take possession of dozens of F-16 fighter planes it has already paid for but never delivered because of a Congress amendment, according to the NEW YORK TIMES today.

The amendment bans military aid to Pakistan unless the U.S. President can certify that Pakistan neither has nuclear weapons nor is trying to develop them.

U.S. officials were quoted as saying that the proposal is part of a policy to stem the spread of nuclear arms in South Asia.

The proposal implicitly recognizes that the U.S. has failed to prevent Pakistan from developing the ability to build a nuclear weapon and now is trying constrain the country's nuclear program, the newspaper said.

Pakistani Prime Minister Benazir Bhutto has said that her country would not give up its nuclear program despite pressure from the United States.

### Kozyrev Arrives in Vladivostok To Meet U.S. Secretary

OW1403091194 Beijing XINHUA in English 0852  
GMT 14 Mar 94

[Text] Moscow, March 14 (XINHUA)—Russian Foreign Minister Andrey Kozyrev arrived in Vladivostok today to meet U.S. Secretary of State Warren Christopher on bilateral relations and international issues, reports reaching here said.

Kozyrev arrived in the Russian Far East city six hours earlier than Christopher, the reports said.

Kozyrev and Christopher are expected to discuss issues related to bilateral relations and a range of international matters including the Middle East and the Bosnian conflict.

### Russia's Yeltsin Orders 'Retargeting' of Missiles

OW1203175794 Beijing XINHUA in English 1530  
GMT 12 Mar 94

[Text] Moscow, March 12 (XINHUA)—Russian President Boris Yeltsin ordered the Defense Ministry today to formulate measures for retargeting Russian strategic nuclear missiles away from the United States and Britain.

The order was given to implement the Moscow agreement signed by the Russian and U.S. presidents on January 14, and to implement the joint statement issued by Yeltsin and British Prime Minister John Major on February 15, the Presidential Press Office said.

According to the two agreements, the two sides will retarget their nuclear missiles away from each other by May 30.

### Bosnian Prime Minister Leaves Moscow After Talks

OW0903173994 Beijing XINHUA in English 1652  
GMT 9 Mar 94

[Text] Moscow, March 9 (XINHUA)—Prime Minister of Bosnian Muslim-led Government Haris Silajdzic left here this afternoon after talks with Russian Foreign Minister Andrey Kozyrev on Bosnian settlement.

Silajdzic, who arrived in Moscow this morning from France, held two hours of talks with Kozyrev.



Calling the talks "fruitful," the Russian foreign minister said, "an encouraging progress emerged in the recent past in settling the bosnian crisis in several spheres."

"It is important now not to lose and to develop the positive impetus and to try to consolidate it," Kozyrev stressed, summing up the results of his talks with Silajdzic.

Silajdzic, in turn, expressed his satisfaction with the results of the talks, noting that "prerequisites have emerged in the recent past to settle the Bosnian conflict." "This moment must not be lost," the prime minister stressed.

He said the Russian side can play a constructive role in promoting the talks on Bosnia, stating he favored "a more balanced policy for Russia on some aspects of the Yugoslav crisis."

In February, Russia's "go-between" efforts resulted in relaxing the air strikes crisis over Sarajevo, the capital of Bosnia-Herzegovina.

"We hope that Russian battalion stationed around Sarajevo will play a positive role and will help preserve Sarajevo as a multinational city," Silajdzic said.

Turning to the achieved understanding on the formation of a Croatia-Muslim confederation, he stressed that its implementation is impossible without Serbs' agreement.

Bosnian Serbs leader Radovan Karadzic visited Moscow last week. His talks with Russian leaders resulted at least in a major accord on opening the Tuzla airport provided Russian observers are sent here.

The Bosnian prime minister also stressed, "we shall have a new version but all the same it will be based on the main thing—territorial integrity and sovereignty of Bosnia-Herzegovina."

Later today, Croatia's Foreign Minister Mate Granic, who also is deputy prime minister of the Croatian Government, is due to arrive in Moscow for talks on Bosnian settlement.

#### **Bosnian Leader Says Agreement Not Aimed at Serbs**

*OW1003050794 Beijing XINHUA in English 0433 GMT 10 Mar 94*

[Text] Belgrade, March 9 (XINHUA)—Bosnian Muslim leader Alija Izetbegovic said today that the Washington agreement reached between Croats and Bosnian Muslims is not aimed at any third party, including Serbs.

The agreement is the result of the interests of the Muslim and Croatian nationalities, Izetbegovic said over Croatian television.

This was the first explicit comment made by the Muslim leader on the preliminary accord signed in Washington

on March 1, under which Bosnian Muslims and Croats will found a federation to be turned later into a confederation with Croatia.

But Izetbegovic stressed the integrity of Bosnia and ruled out the possibility of allowing Bosnian Serbs to take away part of the land to Serbia.

The federation accord obviously means the recapture of lost territory, he said.

The Muslim leader described the agreement as a major step toward peace and said that what is at issue now is how Serbs will act accordingly.

He reiterated his expectation that peace may come in late autumn.

#### **Northern Iraq Situation Reviewed in Ankara**

*OW1003162894 Beijing XINHUA in English 1541 GMT 10 Mar 94*

[Text] Ankara, March 10 (XINHUA)—High-ranking officials from countries taking part in the mandate for anti-Iraqi Coalition Forces in northern Iraq met here today to discuss the ongoing operation.

Deputy foreign ministers from Turkey, France, the United States and Britain reviewed the implementation of the operation, expressing their satisfaction with the work.

In a joint statement issued after the meeting, they reiterated "the commitment to the preservation of the independence, unity and territorial integrity of Iraq."

They also said they oppose all acts and efforts that may lead to the division and dismemberment of Iraq.

The statement, meanwhile, also called upon the Iraqi Government to lift the economic blockade and remove all restrictions imposed upon the northern part of the country.

The participants said that the future political structure of Iraq must be determined by the "entire people of Iraq" peacefully and democratically.

During the meeting, France, Britain and the United States voiced their full support for Turkey's right of self-defense against the violence of the outlawed Kurdish Workers' Party (PKK), which has been launching attacks on public and military targets of Turkey from their bases in Northern Iraq.

They said the territory of Iraq should not be a safe-haven for the "terrorists."

Forty-eight warplanes from the U.S., Britain and France, backed by support and transport aircraft, have been carrying out daily patrols over northern Iraq since the Gulf war ended in late February 1991.

Speaking to reporters after the meeting, Turkish Deputy Foreign Minister Ozdem Sanberk said Turkey explained

in detail the heavy economic losses it continues to face due to the 1991 Gulf war and the U.N. sanctions against Iraq.

France, Britain and the U.S. promised to consult further for ways and means of alleviating the heavy economic burden on Turkey, which is trying to resume its border trade with Iraq.

### United States & Canada

#### U.S. Secretary of State Meets PRC Leaders

##### Qian Qichen Meets Christopher

OW1203024994 Beijing XINHUA in English 0227 GMT 12 Mar 94

[Text] Beijing, March 12 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen held talks with visiting U.S. Secretary of State Warren Christopher at the Diaoyutai State Guesthouse here this morning.

This is the second talks between Qian and Christopher this year.

Extending a warm welcome, Qian said that this has been Christopher's second visit to China in ten years.

He recalled that he and Christopher had good talks in Paris in late January. He said he expected to exchange views with Christopher on issues relating to Sino-U.S. relations.

Christopher thanked Qian for inviting him to Beijing and said that many changes have taken place here since his last visit ten years ago.

Christopher and his party arrived here yesterday evening on a four-day official visit as Qian's guest.

##### Further on Meeting

OW1203052394 Beijing XINHUA Domestic Service in Chinese 0303 GMT 12 Mar 94

[Text] Beijing, 12 Mar (XINHUA)—Qian Qichen, vice premier and foreign minister, and U.S. Secretary of State Warren Christopher began their first round of talks here this morning.

Christopher and his party were greeted by Qian Qichen on their arrival—by car from the China World Hotel, where they are staying—at the Diaoyutai State Guest House's Fang Fei Garden at exactly 1000 [0200 GMT]. The two foreign ministers shook hands warmly and exchanged regards.

In warmly welcoming Christopher's visit to Beijing, Qian Qichen said, "When we met in Paris more than a month ago, I reiterated my invitation to you to visit China." He pointed out: Our talks in Paris went very well. Qian Qichen said that he was looking forward to exchanging views with him on Sino-U.S. relations and other issues.

In thanking Qian Qichen for his welcome, Christopher said he has found that Beijing has changed a lot in the past decade.

Christopher arrived in Beijing yesterday evening together with his 110-odd delegation, which includes his wife, Mary Christopher; Madame Davis, assistant secretary of state for international security affairs [title as received]; and Frank Wisner, under secretary of defense [for policy].

Beijing is the last leg of Christopher's 10-day, three-nation Asia-Pacific tour. This is a relatively high-level Sino-U.S. contact since the leaders of the two countries met in Seattle last November and is the second meeting between Qian Qichen and Christopher since they met in Paris on 24 January.

Christopher, who is 69 and the senior U.S. diplomat, was assistant secretary of state for the Carter administration. He assumed the post of secretary of state for the Clinton administration in January 1993. He is prudent and is not fond of contacts with the media. His speciality is "shadowboxing using words."

##### Shattuck-Wei Meeting 'Interference'

HK1203075094 Hong Kong AFP in English 0726 GMT 12 Mar 94

[Text] Beijing, March 12 (AFP)—US Secretary of State Warren Christopher's visit to Beijing got off to a stormy start Saturday as China slammed a senior U.S. official for holding an illegal meeting two weeks ago with the country's leading dissident. "The action constituted interference in China's internal affairs in disregard of the Chinese law," Foreign Minister Qian Qichen said in a clear reference to the meeting between Assistant Secretary of State for Human Rights John Shattuck and celebrated dissident Wei Jingsheng in Beijing on February 27.

China was "deeply disappointed" by the incident, Foreign Ministry spokesman Wu Jianmin quoted Qian as telling Christopher during talks here which Shattuck himself attended.

##### Qian Qichen Hopes for 'Frank Dialogue'

OW1203113394 Beijing XINHUA Domestic Service in Chinese 0917 GMT 12 Mar 94

[Text] Beijing, 12 Mar (XINHUA)—Qian Qichen, vice premier of the State Council and concurrently foreign minister, held talks with U.S. Secretary of State Warren Christopher at the Diaoyutai State Guesthouse this morning.

Qian Qichen said: The meeting between President Jiang Zemin and President Clinton in Seattle last November marked a new phase of Sino-U.S. relations. Since then, a favorable momentum for improving relations between the two countries has emerged, with the two sides increasing contacts and expanding cooperation. More



than a month ago, we met in Paris and discussed every aspect of Sino-U.S. relations. Both sides expressed their wish to make progress through active efforts. We hope that Mr. Secretary of State's current visit will achieve concrete results [ju ti cheng guo 0367 7555 2052 2654].

Qian Qichen said: "We are deeply disappointed at some things which happened prior to Mr. Secretary of State's visit. A senior U.S. official came to China to prepare for the secretary of state's visit and took actions that interfered in China's internal affairs without regard for Chinese law. Thereafter, the U.S. media played up [da si xuan ran 1129 5127 8694 2676] the event, and U.S. government officials attacked China time and again in their remarks. All these acts clearly go against President Clinton's statement in Seattle in which he emphasized that the United States supports a strong, stable, and prosperous China; they also disrupt [gan rao 1626 2371] the secretary of state's current visit."

Qian Qichen pointed out: "Sincerity on both sides and a good atmosphere are needed for dialogue. I hope to conduct a frank [tan shuai 0982 3764] dialogue with the secretary of state in an atmosphere of mutual respect so as to enhance mutual understanding, reduce troubles, and avoid confrontation, and so that our dialogue will help improve Sino-U.S. relations and make Mr. Secretary of State's current visit a success."

Christopher elaborated to the Chinese side on issues of concern to the U.S. side. Qian Qichen said: China is a country that stresses the rule of law. We can only do what Chinese laws allow us to do.

Qian Qichen also elaborated to the U.S. side on issues of concern to the Chinese side, such as U.S. arms sales to Taiwan and the sanctions it has imposed on China.

On Sino-U.S. cooperation in the fight against drug trafficking, Qian Qichen noted: China and the United States have signed the "Sino-U.S. Memorandum on Cooperation in Fighting Against Drug Trafficking." In January of 1990, a U.S. court, without regard to China's judicial sovereignty and repeated representations, granted political asylum to Wang Zongxiao, a criminal in the Jinliyu drug smuggling case, who had gone to the United States to testify. This has erected an obstacle to bilateral cooperation in fighting drug trafficking.

In discussing most-favored-nation [MFN] trading status, Qian Qichen said: Mutual extension of MFN status by China and the United States is a reciprocal and mutually beneficial arrangement made by the two sides according to agreements on trade relations between the two countries; it is the basis of normal Sino-U.S. trade relations. Disruption of this basis will ruin the development prospects for Sino-U.S. economic relations and trade. This will bring harm to both China and the United States. The Chinese side is firmly opposed to any linkage between trade and issues that have nothing to do with trade.

Christopher said: Both the United States and China are countries that shoulder global responsibilities. Both sides

share common interests in maintaining peace and security. The two countries share each other's views or hold similar views on many global and regional issues. Mutually beneficial economic relations and trade between the two countries are expanding, and they are contributing to the prosperity of both countries. A strong, stable, and prosperous China conforms to the national interests of the United States. President Clinton hopes that the United States and China will build a more constructive relationship.

The talks proceeded in a frank [tan shuai 0982 3764] and businesslike [ren zhen 6126 4176] atmosphere.

Present at the talks were Vice Foreign Minister Tian Zengpei; Xu Huizi, deputy chief of staff of the Chinese People's Liberation Army; U.S. Ambassador Stapleton Roy; Undersecretary of State Lynn Davis; and Undersecretary of Defense Frank Wisner.

After the talks, Qian Qichen hosted a luncheon in honor of Christopher and his delegation.

#### Qian, Christopher Hold 'Candid' Talks

OW1203080294 Beijing XINHUA in English 0738  
GMT 12 Mar 94

[Text] Beijing, March 12 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen held talks with visiting U.S. Secretary of State Warren Christopher on issues related to Sino-U.S. relations at the Diaoyutai state guesthouse here this morning.

The talks proceeded in a "candid and business-like" atmosphere, sources from the Chinese Foreign Ministry said.

In the talks, Qian noted that the meeting between Chinese President Jiang Zemin and U.S. President Bill Clinton in Seattle last November marked a new phase of development in bilateral relations.

Since then, a momentum for improving bilateral ties has emerged, with contacts increasing and cooperation expanding.

Over a month ago, Qian recalled, he and Christopher met in Paris and discussed every aspect of the bilateral ties, with both sides expressing the wish for improving bilateral relations with joint efforts.

"We hope that your current visit would achieve positive results," Qian told Christopher.

However, "we are deeply disappointed at things which have happened prior to the visit of the secretary of state," Qian said.

A top U.S. Government official came to prepare for Christopher's visit, and in disregard of Chinese laws, the official took actions interfering in China's internal affairs, he said.

Following that, the U.S. media made a fanfare of the event and U.S. Government officials time and again attacked China.

All those acts clearly go against President Clinton's statement in Seattle that the U.S. supports a strong, stable, and prosperous China, Qian said, adding that it also constitutes a harassment to the current visit by the secretary of state.

Qian stressed that dialogue needs a good atmosphere and sincerity from both sides.

"I hope to conduct dialogue with the secretary of state on the basis of candor and mutual respect" so as to enhance mutual understanding, reduce troubles, avoid confrontation and make the dialogue conducive to the improvement of the Sino-U.S. relations and to the success of Christopher's visit, Qian said.

Christopher elaborated to the Chinese side issues of U.S. concern.

Qian responded that China is a country ruled by law. "We can only do what Chinese laws allow us to do," Qian said.

Qian also elaborated what the Chinese side is concerned about, such as U.S. arms sales to Taiwan and the sanctions it has posed against China.

On Sino-U.S. cooperation in the fight against drug trafficking, Qian noted that the two sides have signed a memorandum on jointly fighting against drug trafficking.

He said that in January 1990, a U.S. court, in disregard of China's judicial sovereignty, granted political asylum to Wang Zongxiao, a criminal of the goldfish case, who had gone to the U.S. for the purpose of testifying.

This has imposed an obstruction to Sino-U.S. cooperation against drug trafficking, Qian said.

Discussing the most-favored-nation (MFN) trading status, Qian pointed out that MFN is a reciprocal and mutually beneficial arrangement reached according to the bilateral trade agreement. It is the basis of normal Sino-U.S. trade relations and the disruption of it would ruin the prospects of Sino-U.S. trade relations, Qian said.

"This would bring harm to both China and the United States," Qian noted.

He reiterated, "The Chinese side is firmly opposed to any linkage between trade and issues that have nothing to do with trade."

Christopher said that both the United States and China are countries that bear global responsibilities.

Both sides share common interests in maintaining peace and security and have identical or similar views concerning many regional and international issues, he said.

He said the mutually beneficial trade relations are expanding, which is contributing to the prosperity of both countries.

Christopher reiterated that a strong, stable and prosperous China conforms to the interests of the United States.

President Clinton hopes that more constructive relations would be developed between the U.S. and China, Christopher told Qian.

Chinese Vice-Foreign Minister Tian Zengpei and Deputy Chief of the General Staff of the Chinese People's Liberation Army Xu Huizi attended the talks.

On the U.S. side are Ambassador Stapleton Roy, Undersecretary of State for International Security Affairs Lynn Davis and Undersecretary of Defense Frank Wisner participated in the 130-minute talks.

Following the talks, Qian hosted a luncheon in honor of the U.S. visitors.

#### **Li Peng Gives U.S. Secretary Views on Relations, MFN**

OW1203132894 Beijing XINHUA in English 1307  
GMT 12 Mar 94

[Text] Beijing, March 12 (XINHUA)—Sino-U.S. relations have been established only on the basis of common interests instead of on the basis of ideology or concept of values, said Premier Li Peng.

The disputes between the two country must be settled properly through consultation on an equal footing in the spirit of mutual respect and seeking common ground while reserving differences, the Chinese premier stressed, adding that the problems can only be complicated by exerting pressures unilaterally.

The Chinese premier made the statements during his meeting with visiting U.S. Secretary of State Warren Christopher and his party here this afternoon.

Premier Li Peng said that China attaches importance to the current visit by Christopher, hoping that candid talks might help enhance mutual understanding.

Recalling Christopher's China visit a decade ago, Premier Li Peng said that great changes have taken place in China as well as in the world, but the changing international situation has not in any way change the importance of the Sino-U.S. relations.

On the contrary, he said, the changing international situation has called for the enhancement of Sino-U.S. relations.

China has always approached the Sino-U.S. relations from the global perspective and from the fundamental interests of the two peoples, Premier Li Peng told U.S. Secretary of State Warren Christopher.

He said that the Chinese Government attaches importance to the Sino-U.S. relations and has made tremendous efforts toward improving and developing such relations, adding that in my government work report to the National People's Congress session two days ago, he reiterated again this stand of the Chinese Government.

Premier Li Peng reviewed the bilateral trade, which has in recent years, grown rapidly, with the trade volume topping 27.65 billion U.S. dollars, increasing 10 times over that of 1979.

He said that China's economy is developing in a sustained, fast and steady manner and the market has kept expanding. Its import is expected to reach 1,000 billion U.S. dollars in the next seven years.

At present, transportation, telecommunications and energy industries, for which U.S. is a strong power, constitute the priority sectors of China's development, the Chinese premier said. If the Sino-U.S. relations go well, with the man-made obstacles removed, it would mean a historic opportunity for U.S. economic circles.

On human rights issue, Li said that China and the U.S. have different concepts regarding human rights.

China is a developing country, Li said. The population of the developing world makes up four-fifths of the world's total.

It is not fair to impose the human rights concepts of a developed country on a developing country, Li stressed.

China will never accept the human rights concepts of the United States, the premier asserted.

For a developing country, human rights are, first of all, the rights to survival and development. A person must first survive before talking about rights, Li said.

The disputes between China and the United States concerning human rights can be discussed on the basis of equality so as to enhance mutual understanding, the Chinese premier said, but there should be no putting-on of pressure.

Li Peng said that it is a mutually beneficial arrangement for the two countries to maintain normal trade relations.

"To speak frankly, if China's most favored nation status is cancelled, the losses incurred to the United States would be no smaller than those to China," said the Chinese premier.

China mainly relies on its internal market and has a strong capability of self-reliance, he added.

"What the U.S. would lose is a vast market," Li said. "We hope the U.S. side would handle this issue properly."

Christopher expressed agreement with Li's remarks in his government work report about the importance of Sino-U.S. relations.

He said that President Clinton regards the U.S. relations with China as conforming to the national interests of the United States.

He told the Chinese premier that the U.S. can cooperate with China on a wide ranging issues, both global and regional, both bilateral and multilateral, and both in the areas of peace and security.

The United States and China are both permanent members of the UN Security Council and the U.S. side is willing to improve its relations with China, he said.

Christopher also briefed Li on U.S. views on human rights and MFN.

Chinese Vice-Premier and Foreign Minister Qian Qichen and Vice-Foreign Minister Tian Zengpei were present at the meeting.

Present on the U.S. side were Ambassador Stapleton Roy, Undersecretary of State for International Security Affairs Lynn Davis and Undersecretary of Defense Frank Wisner.

#### More on Meeting

*OW1203143994 Beijing XINHUA Domestic Service in Chinese 1225 GMT 12 Mar 94*

[By reporter Xin Huaishi (6580 2037 2514)]

[Text] Beijing, 12 Mar (XINHUA)—At a meeting with U.S. Secretary of State Warren Christopher at Zhongnanhai this afternoon, State Council Premier Li Peng said: Sino-U.S. relations have been established only on the basis of common interests instead of on the basis of ideology and concept of values.

Li Peng pointed out: The existence of disputes between China and the United States is a reality. We believe that the disputes between the two countries must be settled properly through consultation on an equal footing in the spirit of mutual respect and seeking common ground while reserving differences. The problems can only be complicated by exerting pressure unilaterally.

Li Peng said: China attaches great importance to the current visit by Secretary of State Christopher, hoping that candid talks may help enhance mutual understanding and facilitate the improvement and expansion of Sino-U.S. relations.

Recalling Christopher's visit to China a decade ago, Li Peng said: Great changes have taken place in the world over the past decade and so has China's appearance taken on an entirely new look. However, the changing international situation have not in any way changed the importance of Sino-U.S. relations. On the contrary, the changing international situation has called for the enhancement of Sino-U.S. cooperation in various fields. China has always approached Sino-U.S. relations from the global perceptive and from the fundamental interests of the two peoples. The Chinese Government attaches



great importance to relations with the United States, and has made tremendous efforts toward improving and developing such relations. In my government work report two days ago, I reiterated the Chinese Government's positive desire for improving and developing Sino-U.S. relations.

Discussing Sino-U.S. trade and economic relations, Li Peng said: The Chinese and U.S. economies are strongly complementary to each other. Bilateral trade and economic relations have developed rapidly in recent years, with the trade volume reaching \$27.65 billion, increasing more than 10 times over the figure for 1979. Chinese economy is developing in a sustained, rapid, and steady manner [chi xu kuai su ping wen 2170 4958 1816 6643 1627 4489] and the market has kept expanding. China's imports are expected to reach \$1,000 billion over the next seven years. At present, the transport, energy, and telecommunications industries, in which the United States is a strong power, constitute the priority sectors for China's development. If Sino-U.S. relations are improved [gao hao le 2269 1170 0055], with the man-made obstacles in bilateral trade and economic cooperation removed, U.S. economic circles will find in China a historic opportunity for expanding Sino-U.S. economic and trade relations.

Touching on human rights issue, Li Peng said: China and the United States have different concepts regarding human rights. China is a developing country. The population of the developing world makes up four-fifths of the world's total. It is not fair to impose the human rights concepts of a developed country on a developing country. China will never accept the human rights concepts of the United States. For a developing country, human rights are, first and foremost, the rights to survival and development. He said: "Human rights, human rights! A person must first survive before talking about rights. The disputes between China and the United States concerning human rights can be discussed on the basis of equality so as to enhance mutual understanding, but there should be no application of pressure."

Turning to the most-favored-nation [MFN] issue, Li Peng: It is a mutually beneficial arrangement for the two countries to maintain normal trade and economic relations. To speak frankly, if China's MFN status is canceled, the losses incurred to the United States will be no smaller than those to China. China mainly relies on its internal market and has a strong capability of self-reliance. What the United States will lose is a vast market. We hope the U.S. side will handle this issue properly.

Christopher expressed agreement with Premier Li Peng's remarks on the great importance of Sino-U.S. relations. He said: President Clinton regards U.S. relations with China as conforming to the national interests of the United States. The United States can cooperate with China on a wide range of issues, both global and regional, both bilateral and multilateral, and both in the peace, security, and economic areas. The United States and

China are both permanent members of the UN Security Council, and the U.S. side is very much willing [shi fen yuan yi 0577 0433 1959 1942] to improve its relations with China.

Christopher also briefed Li Peng on U.S. views on human rights and MFN.

Qian Qichen, Chinese vice premier and concurrently foreign minister; Vice Foreign Minister Tian Zengpei; U.S. Ambassador to China Stapleton Roy; Undersecretary of State Lynn Davis; and Undersecretary of Defense Frank Wiser were present at the meeting.

### Discuss Korean Nuclear Issue

SK1303050194 Seoul YONHAP in English 0448 GMT  
13 Mar 94

[Text] Beijing, March 13 (YONHAP)—Chinese Premier Li Peng called a nuclear-free Korean peninsula a matter of greater interest to his country than to the United States in talks with U.S. Secretary of State Warren Christopher Saturday, advising against any other method than diplomacy and patience in solving the North Korean nuclear problem.

Li mentioned the issue first in the afternoon meeting with Christopher, State Department spokesman Mike McCurry told a press briefing. He quoted the premier as saying that hopes for a non-nuclear Korean peninsula are higher for China than for the United States and emphasized the international community should not mobilize any other?iplomacy with patience to solve the problem.

Christopher, in response, rated Beijing's constructive role in realizing the Korean peninsula without nuclear weapons, McCurry said.

The two countries noted with positiveness that the International Atomic Energy Agency (IAEA) inspection has resumed in North Korea, said the spokesman.

Chinese Foreign Ministry spokesman Wu Jianmin confirmed that the North Korean nuclear issue came up at the Li-Christopher meeting. He said the U.S. side registered concern at the situation but the Chinese officials delivered their position that the matter must be resolved peacefully through dialogue and cooperation.

### Jiang Zemin on Need To Improve Ties

OW1303080094 Beijing XINHUA in English 0751  
GMT 13 Mar 94

[Text] Beijing, March 13 (XINHUA)—Chinese President Jiang Zemin told visiting U.S. Secretary of State Warren Christopher here today that better Sino-U.S. relations not only accord with the common desire of the Chinese and American peoples but meet the need of world peace and stability.

Jiang made the statement in a 70-minute meeting with Warren Christopher who is in the third day of his China visit.

Jiang noted that during the past 45 years, the Sino-U.S. relations have experienced many twists and turns, with both positive and negative experience to be drawn from.

Practice shows that the Sino-U.S. relations can move forward so long as both sides view things from a world-wide perspective, proceed from the fundamental interests of the two peoples, respect each other, transcend their differences in ideology and expand cooperation. This will bring benefit to the two peoples and is favorable to world peace and stability as well.

Otherwise, the bilateral ties will meet with difficulties and even suffer setbacks, he said. "We should all bear in mind the lessons in history."

Recalling his meeting with U.S. President Clinton in Seattle last November, Jiang said he had told Clinton that the Sino-U.S. ties is not only a matter of bilateral relations. It should be viewed in a world-wide perspective and in the context of the approaching 21st century.

China and the U.S. have common interests on many important issues, Jiang continued, stressing that the two sides should increase trust, reduce troubles, expand cooperation and avoid confrontation.

"President Clinton shared my views. We all agreed that the Sino-U.S. relations should be handled with a long-term point of view and considered in a broader perspective. The differences should be resolved through dialogue and one side should not impose its views onto the other," Jiang said.

He held that due to different social systems and ideologies, it is natural that China and the U.S. have differences on some issues, which should not become obstacles to the expansion of mutually beneficial cooperation.

As both China and the U.S. are sovereign states, they can discuss their differences on the basis of equality and mutual respect, and no one should interfere in the other's internal affairs, he said.

Concerning the issue of human rights, Jiang pointed out, "some people in the west are concerned not with the interests and welfare of the broad masses of the Chinese people but only a small number of people who attempt to subvert the Chinese Government and undermine China's stability. This in essence is not an issue of human rights but a political and legal issue.

The government of every country is bestowed with the responsibility and obligation of upholding law and order and maintaining political stability. It is groundless for some people to accuse the Chinese Government in this regard," Jiang stressed.

Christopher conveyed President Clinton's regards to President Jiang, saying that Clinton is determined to build a broader and more constructive relations between the U.S. and China.

The two sides should seize the opportunity and take positive actions to push forward the bilateral ties, said Christopher.

He also briefed Jiang on the U.S. views on human rights, the most favored nation status, proliferation of weapons and other issues.

Jiang asked Christopher to convey his good wishes to President Clinton at the end of the meeting which proceeded in a "frank and candid atmosphere," according to a Chinese official.

Among those present at the meeting were Chinese Vice-Premier and Foreign Minister Qian Qichen, U.S. Ambassador to China Stapleton Roy and senior U.S. officials accompanying Christopher on the visit.

#### **Qian Qichen Confident U.S. Will Renew MFN Status**

*HK1403042994 Hong Kong AFP in English 0421 GMT 14 Mar 94*

[Text] Beijing, March 14 (AFP)—Foreign Minister Qian Qichen expressed confidence Monday that Washington would renew Beijing's MFN status, while continuing to insist that Beijing would not give in to US pressure on human rights. "I believe that Sino-U.S. trade will continue," Qian told journalists after his second meeting with U.S. Secretary of State Warren Christopher who leaves here Monday at the end of a frosty four-day visit that has focused on the human rights issue.

"There is no such thing of China implementing U.S. orders and laws," said Qian, reiterating Beijing's opposition to Washington's linkage of improvements in China's human rights record to this year's renewal of Beijing's most-favoured-nation (MFN) status.

"China is opposed to linking MFN and human rights. China and the U.S. have different human rights concepts. It's worthless to put pressure on human rights," he said.

Despite Washington's warning and condemnation of a recent round-up of some 15 dissidents, the Chinese side has all along appeared confident that the United States would not dare jeopardise its lucrative commercial ties with China by withdrawing MFN.

Qian did not announce any major progress in resolving the two sides differences, saying only that they had signed an agreement setting out guidelines for the implementation of a 1992 memorandum of understanding (MOU) on prison labour exports. Washington has complained that China has failed to observe the MOU.



Monday's agreement promises rapid arrangement of visits by U.S. teams to Chinese prisons suspected of producing goods for export.

The two sides also decided to establish a joint military commission to develop cooperation in this area, Qian announced.

#### Views Results of Christopher Visit

OW1403095294 Beijing XINHUA in English 0939  
GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen told a press conference here today that U.S. Secretary of State Warren Christopher's four-day visit has achieved the following results:

- The two sides have agreed to continue with the momentum of high-level contact. Chinese State Councillor Song Jian and Minister Wu Yi of foreign trade and economic cooperation will go to the United States in April to attend a meeting of the joint commission of science and a meeting of the joint commission of trade respectively.
- The U.S. side has reaffirmed its firm support for China's resumption of the status of a contracting party to the GATT.
- The two sides have agreed to restore and develop the exchanges between the two militaries and have agreed to set up a joint commission of defense conversion.
- Out of friendly sentiments for the American people and out of humanitarian considerations, the Chinese side has agreed that the U.S. side will soon send a team to China to make field surveys with regard to three MIA cases which occurred during the Vietnam war.
- The two sides have concluded the statement on cooperation in implementing the memorandum of understanding on the prohibition on the import and export of prison labor products.

Apart from these, the two sides also reached agreement in other areas, Qian said.

Qian expressed the hope that Christopher's visit will contribute to the enhancement of mutual understanding and to the improvement and development of Sino-U.S. relations.

#### Christopher on Beijing Visit

OW1403072294 Beijing XINHUA in English 0703  
GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—U.S. Secretary of State Warren Christopher said here today that he and Chinese Vice-Premier and Foreign Minister Qian Qichen had a "business-like and productive meeting" here this morning.

In the meeting, both of them stressed the common interests the two countries have in global, regional, and bilateral matters, Christopher told a press conference, which was held here today at the end of his four-day official visit to China.

"He (Qian) stressed, as I had, that China wants a broad and solid relationship with the United States," Christopher said.

"In an overall sense, I find the differences between China and the U.S. are narrowing somewhat," he added.

He noted that China and the United States concluded here this morning the statement on cooperation in implementing the memorandum of understanding on prohibiting import and export trade in prison labor products.

In addition to the human rights and most-favored-nation issues, he and Qian also discussed a number of other matters, including regional security matters, the forthcoming APEC conference, various trade issues, defense conversion and other military issues, Christopher said.

#### Columnist Criticizes U.S. Human Rights Diplomacy

HK1403072894 Hong Kong TA KUNG PAO in Chinese  
14 Mar 94 p 4

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "U.S. Human Rights Diplomacy Runs Into Snags in Beijing"]

[Text] When he was in Australia and Japan, U.S. Secretary of State Christopher, who is regarded in the United States as a hardliner toward China, kept telling people that the purpose of his visit to China was to "discuss the human rights issue." He probably thought that with the threat to rescind China's most-favored nation [MFN] trade status, China would make concessions to his human rights diplomacy, and thus he would be able to announce to the world that it was effective to use the human rights issue to engage in blackmail. He did not expect that his practice would never be effective with the Chinese people. Yesterday, the Chinese leaders bluntly told him that China would never accept the U.S. concept of human rights. The U.S. human rights diplomacy really has run into snags in China, a country with a population of 1.2 billion people.

The Chinese leaders pointed out that China and the United States have no common ideology and values, so it is natural that they hold different points of view on human rights. China is a developing country, and the population of the developing countries in the world accounts for four-fifths of the world's total population. It is unfair to impose the human rights concept of the developed nations on the developing countries. Moreover, the U.S. accusations concerning China's human rights problem were aimed merely at encouraging a very small number of criminal offenders, and it is a matter of

certainty that China could not accept them. In fact, apart from the human rights issue, there remain differences between China and the United States in many aspects. It is ridiculous to require China to accept the U.S. position on every issue. There are indeed differences between the two countries, and this can be solved only through consultations on an equal footing and in a spirit of mutual respect, through efforts to seeking common ground while reserving differences. At the same time, China is willing to maintain and develop relations with the United States. It holds that to do so is in the common interests of both countries and is beneficial to both nations.

However, while pursuing its human rights diplomacy, the United States went so far to unreasonably link bilateral trade with the human rights issue in an attempt to force China to accept its human rights position. It threatened to rescind China's MFN trading status if China refused to do this. Indeed, they regard this as an effective "weapon," and have been wielding it again and again over the past few years. Some Americans wrongly thought that the MFN status was a great "favor" they gave to other nations. This practice of theirs was opposed, even by some of their allies. On 12 March, the head of the EU delegation in China reiterated: "The European Union does not agree with the practice of linking the human rights issue with trade." This time, the Chinese side frankly expressed its position to Christopher, and also put all its cards on the table. If the United States indeed rescinds China's MFN status, then it will only ruin the prospects for Sino-U.S. economic and trade relations. Thus, China will not be the only one to suffer losses, and the United States will suffer losses no less than those suffered by China. China's development will depend mainly on its domestic market, and China has strong capability for self-reliance. The United States, however, will lose a huge market. China has expressed its position very clearly, and it is the U.S. Government that should make the choice. It is believed that the Chinese Government has made good preparations against various possibilities and will not hold any unrealistic illusions. China has learned a good lesson from last year's "Yinhe" accident and the disgusting performance of some U.S. congressmen in opposing China's bid to host the Olympic Games.

At last year's Seattle meeting, U.S. President Clinton repeatedly said that the United States supports a strong, stable, and prosperous China. Facts show that the words and deeds of many U.S. officials went against this promise. They just tried by every possible means to create trouble between the two countries, and their purpose was simply to obstruct the appearance of a strong, stable, and prosperous China. It is a pity that this is only their fond dream.

### Editorial Views U.S. Secretary's Visit to Beijing

HK1403101494 Hong Kong WEN WEI PO in Chinese  
14 Mar 94 p A2

[Editorial: "China Upholds Sovereignty, United States Hesitates About What Move To Make"]

[Text] U.S. Secretary of State Christopher gave prominence to the human rights issue before and during his current visit to China, and announced that he had the support of more than 200 U.S. senators and congressmen. He stressed that the human rights issue would be linked with the issue of China's most-favored-nation [MFN] status. Before his visit, he sent Assistant Secretary of State Shattuck ahead of him to make arrangements and to contact a very small number of people who have attempted to undermine China's stability and to collect pretexts for not extending MFN. Christopher thought that as long as he wielded the human rights club, he would certainly be able to gain something from his visit to China, not only interfering in China's internal affairs but also opening up the Chinese market and creating a new model of diplomacy between the two countries by forcing China to swallow his bitter medicine.

However, China firmly adhered to its position and firmly rejected the U.S. concept of human rights. It reiterated that no one could interfere in China's internal affairs.

Qian Qichen, Li Peng, and Jiang Zemin successively met with Christopher. They mentioned that China and the United States face a historical opportunity for economic and trade cooperation, and also talked about China's own concept of human rights. On the issue of human rights, the two sides frankly expressed their own opinions and arguments. The three Chinese leaders expressed the same point of view, and firmly safeguarded China's sovereignty. Premier Li Peng pointed out: "China and the United States hold different concepts of human rights. It is unfair to impose the human rights concept of the developed countries on developing countries. China and the United States can discuss their differences on the issue of human rights on an equal footing, and no pressure should be exerted by one side on the other. If MFN is rescinded, China will not be the only one to suffer losses, and losses suffered by the United States will not be smaller than those of China. China mainly relies on its domestic market and has a strong self-sufficient ability. If Sino-U.S. relations are good, economic and trade cooperation between the two countries will be free from artificial hindrances, and U.S. business circles will have a historical opportunity for development."

Li Peng said China's imports would increase to \$1,000 billion over the next seven years, and many imported items will be in areas which are strong points of the United States. On the other hand, Christopher conceded that his visit to China was aimed at seeking a long-term and stable cooperative relationship with China.

Li Peng's arguments were mainly focused on the practical advantages of Sino-U.S. cooperation, and were quite convincing for the U.S. side.

President Jiang Zemin responded to Christopher's viewpoint about linking the human rights issue with trade from an overall, long-term, and strategic point of view.

Christopher's current visit to the East is aimed at implementing President Clinton's diplomatic policy toward the East. The United States is trying to make use of the opportunity of Asia's vigorous economic development to build closer relations with various Asian countries. If Christopher forgot this strategic task, he would just have returned home with both hands empty. Therefore, President Jiang Zemin proceeded from a strategically advantageous position in his talks with Christopher by reviewing his meeting with President Clinton. He said: "Sino-U.S. relations are more than bilateral relations. We should approach our bilateral relations from a worldwide view and give consideration to future development, especially in the 21st century. China and the United States share common-interests on many major issues. So both sides should increase mutual trust, reduce trouble, develop cooperation, and prevent confrontation. President Clinton expressed agreement with my opinion." How come the U.S. position endorsed by Clinton changed when Christopher came to China? Christopher did not respond to this point.

Jiang Zemin mentioned Christopher's personal experience of the process of normalizing Sino-U.S. relations during the Carter administration, and affirmed that he had good knowledge of the history of Sino-U.S. relations. In the past 45 years, Sino-U.S. relations have undergone innumerable twists and turns, and there have been both positive and negative experiences. "If both sides transcend ideology to develop cooperation, Sino-U.S. relations will advance. This is not only beneficial to both peoples but is also conducive to world peace and stability. If things go in the opposite direction, Sino-U.S. relations will encounter difficulties and setbacks." As far as human rights is concerned, Jiang Zemin pointed out sharply: Some people in the West are not really concerned about the rights, interests, and prosperity of the vast number of Chinese people; instead, they are only concerned about a small number of people who try to subvert the Chinese Government and undermine China's stability. "This is in essence a political issue and a legal issue rather than a human rights issue." China's viewpoint is identical with that held by other Asian countries. Even Lee Kuan Yew agrees with this. If these trouble-makers take power, China will be thrown into major chaos, and this would be unfavorable to the Chinese people.

On completing his visit to Beijing, Christopher did not smile, because even the American Chamber of Commerce was opposed to his diplomatic approach. He had thrown away a golden opportunity to promote Sino-U.S. economic and trade relations and had returned with both hands empty. An American businessman pointed out: Human rights should not be linked with MFN, which should be given to China unconditionally. If favorable tariff arrangements between the two countries are removed, U.S.-Chinese relations will regress. In that case, China's losses would just be temporary, but losses suffered by the United States would be long-term losses.

If the United States really wants to share in Asia's economic prosperity, President Clinton should actually honor his policy of supporting "a strong, stable, and prosperous China, which is in the national interests of the United States." If their deeds do not match their words and they still attempt to create trouble in China's political situation, then what they do will not be in the long-term interests of the United States; neither will this be favorable to peace, stability, and prosperity in Asia. After his debates with Chinese leaders, Christopher hesitated about what move to make. He did not express a clear position on MFN and behaved rather prudently. He needs to discuss with President Clinton to see whether the United States can actually use this card. It is certain that U.S. business circles will not support a diplomatic policy that will just harm the U.S. economy, because imposing sanctions against China is in fact an act of imposing sanctions against the United States itself.

### **U.S., Foreign Journalists Reportedly Held in Beijing**

#### **U.S. Journalists Held**

*HK1203080194 Hong Kong AFP in English 0646 GMT 12 Mar 94*

[Text] Beijing, March 12 (AFP)—Two American journalists have been released after being held by police for six hours after interviewing the wife of a Chinese dissident, Western reporters said Saturday.

Nick Driver, of the US news agency UPI, and Matthew Forney, a correspondent with Newsweek magazine, were stopped by six uniformed police at 8 p.m. (1200 GMT) Friday as they left the home of the wife of dissident Liu Nianchun, 46, in the west of the capital.

Police said their car had collided with a telegraph pole when they parked their vehicle, bringing down telephone lines. The journalists did not deny this. But then about 30 police took turns interrogating them separately about their connection with the dissident and their conversation with his wife.

Before the Americans' release early Saturday at about 2 a.m. (1800 GMT Friday), police made them sign a document in which they agreed not to report what occurred during the course of the night.

The incident took place as US Secretary of State Warren Christopher was on an official visit to Beijing for talks on human rights. It also coincided with a crackdown by police against dissidents and activists which began at the start of the month.

According to a Human Rights Watch/Asia report Friday, Liu, who was jailed for three years in the 1980s, was one of those briefly detained and "may be in imminent danger of arrest." Liu, a longtime pro-democracy activist, called at the start of the week for the formation of an independent trade union, The League for the Protection of Working People.



The union's charter focuses on some of the negative consequences of rapid economic growth and calls, among other things, for the restoration of the right to strike and for the legalisation of independent workers' and peasant labour unions.

Liu is also a signatory of the Peace Charter issued by several dissidents in October 1993.

#### **XINHUA on Detention**

*OW1203181194 Beijing XINHUA in English 1755 GMT 12 Mar 94*

[Text] Beijing, March 12 (XINHUA)—A Dutch correspondent in Beijing was detained and released here today for illegal news coverage.

The Dutch correspondent, Caroline Straathof, who works for DE VOLKSKRANT, was detained by Chinese Public Security personnel while covering news without valid identification card.

She admitted the mistake and promised to observe the Chinese law in future.

She was released this afternoon.

Another correspondent from the UNITED PRESS INTERNATIONAL William Nicholas Driver and a journalist working for NEWSWEEK MAGAZINE Matthew Forney were detained yesterday for running their car into a telephone post, damaging several telephone lines.

They were charged with violation of traffic rules and detained for a short while and were released later after they admitted their mistakes.

The Public Security Department said that the case will be further handled according to law.

#### **BBC Journalist Detained**

*HK1403074794 Hong Kong MING PAO in Chinese 14 Mar 94 p A2*

["Special dispatch": "Chinese Public Security Authorities Detain, Interrogate Western Reporter"]

[Excerpts] The Chinese public security authorities have detained one more Western reporter, a female journalist with the BBC. She was the fourth Western journalist detained and interrogated within 48 hours. [passage omitted]

Yesterday, the Chinese authorities detained and interrogated Carrie Gracie, a female journalist with BBC. She was taken away for interrogation when she was going to go out by car with three Chinese friends.

Before that, she had met and talked with some Chinese friends who were regarded as dissidents. According to reports by foreign news agencies, Gracie was taken away at 0200 in the early morning and the interrogation lasted until 0600.

According to one of her friends, the Chinese public security authorities mainly interrogated her about the content of her talk with her Chinese friends in the late afternoon. Finally, they said that she did not follow the law by carrying her reporter's identification card, and asked her to sign some papers before releasing her. Her three friends also were released after being interrogated. [passage omitted]

#### **West Europe**

##### **Lu Ping Reports on Differences With UK on Hong Kong**

*OW1203135894 Beijing XINHUA Domestic Service in Chinese 1227 GMT 12 Mar 94*

[Text] Beijing, 12 Mar (XINHUA)—Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, today delivered a report entitled "Several Questions Regarding Hong Kong" at a report-back meeting jointly held by the CPC Central Committee's Propaganda Department, the CPC Central Committee's Work Committee for Party Organs, the CPC Central Committee's Work Committee for Government Organs, the People's Liberation Army's [PLA] General Political Department, and the Beijing Municipal CPC Committee.

In his report, Lu Ping first discussed the origin and evolution of the differences between China and Britain on the Hong Kong question. He noted: The fundamental cause of the current differences between China and Britain on Hong Kong's political structure is that the British Government has changed its policies toward Hong Kong in recent years and has assumed an uncooperative and confrontational attitude in an attempt to maintain the greatest possible influence in Hong Kong after 1997. Lu Ping said: From the outset of Sino-British talks on Hong Kong's 1994/95 electoral arrangements held from April through November of 1993, the British side showed a lack of sincerity and refused to hold talks on the basis of the Sino-British Joint Declaration, the principle of convergence with the Basic Law, and the agreements and understandings reached by China and Britain, all three of which had been agreed upon by China and Britain. It stubbornly adhered to Chris Patten's "constitutional reform package" containing "three violations." Just as the first phase of the agreement was about to be reached, the British side raised new issues and partially submitted the draft legislative bill to Hong Kong's Legislative Council [Legco] for discussion, without regard to the Chinese side's repeated dissuasions and warnings, thereby terminating the talks. Hong Kong's Legco, under the manipulation of the British side, recently adopted the partial legislative bill, thus completely closing the door on talks. The British side, without prior consultation, also unilaterally issued a white paper called "Representative Government in Hong Kong," in which it divulged the contents of the talks and distorted and attacked the Chinese side's position. For this reason, our Foreign Ministry

spokesman, citing a host of facts, explained that the responsibility for the disruption of the talks rested entirely with the British side.

Lu Ping also discussed the construction of Hong Kong's new airport. He noted: The Chinese Government has always supported the construction of a new airport in Hong Kong. The British side, however, introduced a financing scheme, which leaves behind a heavy burden for the future Special Administrative Region [SAR], in violation of the relevant provisions in the "Memorandum of Understanding Between the Chinese and British Governments on the Construction of A New Airport in Hong Kong and Relevant Questions." The Chinese side, driven by a desire to protect the interests of its compatriots in Hong Kong and those of the SAR Government, waged a struggle, through arguments and reasoning, against the British side. Our government is now holding consultations with the British side on the latter's fourth financing scheme and is working to settle the financial arrangements for the new airport on the basis of the memorandum, with a view to prodding the British side to complete as much of the new airport as possible before 1997 in accordance with the provisions in the memorandum.

Lu Ping related various preparations made by the Chinese Government to resume the exercise of sovereignty over Hong Kong in the absence of cooperation from the British side following the disruption of the Sino-British talks on Hong Kong's political structure. Lu Ping said on a firm note: The Chinese Government is confident and capable of ensuring Hong Kong's smooth transition in 1997 and its long-term prosperity and stability.

Li Dengzhu, deputy secretary of the CPC Central Committee's Work Committee for Party Organs, chaired the meeting. More than 1,000 people from the CPC Central Committee's Work Committee for Party Organs, the CPC Central Committee's Work Committee for Government Organs, PLA troops stationed in Beijing, and departments under the Beijing Municipal Party Committee, heard the report.

#### **Pledges Smooth Transition for Hong Kong**

OW1203140994 Beijing XINHUA in English 1337  
GMT 12 Mar 94

[Text] Beijing, March 12 (XINHUA)—China is confident of ensuring a steady transition of power and continued prosperity in Hong Kong despite Britain's uncooperative attitude, said Lu Ping, director of the Hong Kong and Macao Affairs Office under the State Council.

He told a report meeting on the current situation organized by the Propaganda Department of the Central Committee of the Communist Party of China today that the fundamental reason for the differences on the political system in Hong Kong is that the British side has changed its policy on the Hong Kong issue and adopted an uncooperative and even antagonistic stance in an attempt to maintain its influence after 1997.

He noted that since the very beginning of the talks, the British side showed no sincerity and stubbornly stuck to its political reform bill that violates the Sino-British Joint Declaration, the principle of convergence with the Basic Law of the Special Administrative Region of Hong Kong and the relevant understanding and agreements reached between the two countries.

Not long ago, the Hong Kong Legislative Council, under the control of the British side, passed that package, thus shutting the door to talks, he said.

The British side went on to publish a white paper to disclose the detailed contents of last year's Sino-British talks without notifying the Chinese side, distorting facts and launching a round of fierce attack against China.

In reply, China's Foreign Ministry spokesman revealed a large number of facts to show that the responsibility for the termination of the talks between the two sides rests totally on the British side.

On the new airport issue in Hong Kong, Lu Ping said that the Chinese Government has always supported the Hong Kong Government's efforts to build a new airport. However, he said, the British side violated the memorandum of understanding reached between the two sides and passed a financial bill for the new airport which means a huge burden for the future Hong Kong Special Administrative Regional government.

At present, he said, the Chinese Government is negotiating with the British side on the fourth budget of the bill in a bid to solve the financial issue of the new airport on the basis of the memorandum of understanding so that the new airport will be completed as much as possible before 1997.

#### **Rong Yiren Says Sino-Luxembourg Cooperation Promising**

OW1203094394 Beijing XINHUA in English 0745  
GMT 12 Mar 94

[Text] Beijing, March 12 (XINHUA)—Chinese Vice-President Rong Yiren stressed here today that Sino-Luxembourg cooperation enjoys "good prospects," while meeting with His Royal Highness Prince Henri, hereditary grand duke of Luxembourg, who arrived here Friday [11 March] on a six-day visit to China.

Since China and Luxembourg established diplomatic ties in 1972, bilateral political and economic relations have been improved remarkably, Rong said.

Over the past one or two few years, Rong noted, the bilateral contacts have kept growing, and economic and trade cooperation gained new progress thanks to joint efforts of both sides.

Though far away from each other geographically and different in domestic situations, China and Luxembourg



share the same hope for a peaceful international environment and to develop each other's economy and improve livelihood of the people, Rong said.

Rong noted that the development of bilateral friendship and cooperative relations is beneficial for both China and Luxembourg and it has a bright future.

After being briefed on China's economic development, Prince Henri said tremendous progress has been scored in China's economy since his last trip to China in 1988.

In spite of its size as a small nation, Luxembourg attaches great importance to the expansion of its relations with China, and the two countries should strengthen cooperation in various fields, he said.

#### **Foreign Minister Qian Qichen Meets Luxembourg Prince**

*OW1203141394 Beijing XINHUA in English 1353  
GMT 12 Mar 94*

[Text] Beijing, March 12 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen met here this afternoon with His Royal Highness Prince Henri, hereditary grand duke of Luxembourg.

He told the Luxembourg prince that the Chinese Government attaches much importance to the development of Sino-Luxembourg relations and expressed the hope that Prince Henri's visit will further promote such relations, which promise vast potentials.

Qian also briefed the guest on China's reform and opening up.

Prince Henri paid high tribute to China's economic achievements.

He told the Chinese vice-premier and foreign minister that Luxembourg's business people are very much interested in entering China's market, adding that the two countries can strengthen cooperation in the fields of economy, science, technology, culture, education and other areas.

After the meeting, Qian and Prince Henri attended a ceremony marking the signing of an agreement between the People's Republic of China and the Grand Duchy of Luxembourg for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital.

On behalf of their respective governments, Chinese Finance Minister Liu Zhongli and Luxembourg Minister of Economy, Transport and Public Works Robert Goebels signed the agreement.

After the signing ceremony, Qian hosted a banquet in honor of Prince Henri and his party.

#### **East Europe**

##### **Romanian President Iliescu Arrives in Shenzhen**

*OW1103150294 Beijing XINHUA in English 1443  
GMT 11 Mar 94*

[Text] Shenzhen, March 11 (XINHUA)—Romanian President Ion Iliescu and his party arrived here this evening by special plane from the Republic of Korea on a working visit to China.

Wu Jie, Chinese vice-minister of the State Commission for Economic Restructuring, entrusted by the Chinese Government, specially came down to Shenzhen from Beijing and greeted President Iliescu at the airport.

Iliescu's entourage of over 100 includes Romania's foreign minister, trade minister, posts and telecommunications minister, adviser to the president and some business people.

Wu Jie conveyed greetings of Chinese President Jiang Zemin and premier Li Peng to Iliescu.

Besides Shenzhen, Iliescu and his party will also visit Zhuhai and Guangzhou.

##### **Praises Special Economic Zone**

*OW1203144494 Beijing XINHUA in English 1238  
GMT 12 Mar 94*

[Text] Shenzhen, March 12 (XINHUA)—Visiting Romanian President Ion Iliescu said here today that the construction of Shenzhen, China's first special economic zone, has been "quite successful".

He noted that Romania is very interested in China's experience with special economic zones and willing to learn from such experience.

The Romanian president made the remarks in a talk with Wu Jie, Chinese vice-minister of the State Commission for Economic Restructuring, who, entrusted by the Chinese Government, came down to Shenzhen from Beijing to accompany Iliescu on his south China working visit.

Wu Jie conveyed greetings from Chinese President Jiang Zemin and premier Li Peng to Iliescu.

He said both Jiang and Li expressed a warm welcome to Iliescu on his south China tour and they wish his working visit a complete success.

Wu noted that Jiang and Li, who are very much interested in Sino-Romanian relations, expressed their satisfaction in the development of the two countries' ties.

He added that the two Chinese leaders would like to make joint efforts with the Romanian president to push forward Sino-Romanian ties in every field.

Iliescu expressed his thanks for the greetings from Jiang and Li.

Wang Zhongfu, vice-mayor of Shenzhen city, briefed the Romanian guests on the achievements of the city's economic construction.

Iliescu and his party arrived here last night. His current south China tour serves as the continuation of his China visit in 1991, during which he went back home ahead of schedule because of the Gulf War. They will also visit Zhuhai and Guangzhou.

#### **Iliescu Visits Guangzhou**

*OW1303143194 Beijing XINHUA in English 1354  
GMT 13 Mar 94*

[Text] Guangzhou, March 13 (XINHUA)—The Deputy Governor of south China's Guangdong Province, Lu Ruihua, hosted a banquet here this evening in honor of visiting Romanian President Ion Iliescu and his party.

Lu briefed Iliescu on Guangdong's reform, opening-up, economic development and people's life.

He said that the province was keen about its foreign trade exchanges, hoping to strengthen economic cooperation with Romania.

He welcomed business people accompanying Iliescu to investigate the prospects for themselves.

Iliescu spoke highly of Guangdong's fruitful reforms under the rules of a market economy and focusing on science and technology.

He said that learning from Guangdong's experiences could be conducive to reforms in Romania.

He hoped that the two sides could strengthen cooperation on the basis of mutual benefit.

Iliescu and his party arrived here at noon today after visits to Shenzhen and Zhuhai Special Economic Zones.

#### **Romanian President Ends Visit**

*OW1403103394 Beijing XINHUA in English 0815  
GMT 14 Mar 94*

[Text] Guangzhou, March 14 (XINHUA)—Romanian President Ion Iliescu and his party concluded their four-day south China working visit and left here by special plane today.

Seeing the Romanian guests off at the airport were Wu Jie, Chinese vice-minister of the State Commission for Economic Restructuring, and Lu Ruihua, vice-governor of south China's Guangdong Province.

At the airport, Iliescu voiced satisfaction with his tour and asked Wu Jie to convey his greetings and thanks to Chinese President Jiang Zemin and Premier Li Peng.

He told Wu Jie that he was impressed by the achievements of Guangdong's opening up and economic construction.

During their four-day visit in Guangdong Province, the Romanian president and his party visited the cities of Shenzhen, Zhuhai and Guangzhou.

## Political & Social

### Li Peng Urges Consensus in Balancing Reform, Stability

OW1203131994 Beijing XINHUA in English 1301  
GMT 12 Mar 94

[Text] Beijing, March 12 (XINHUA)—Premier Li Peng expressed satisfaction that deputies to the National People's Congress (NPC) are coming to a consensus on the necessity to correctly handle relations between reform, development and stability.

"This is very important for fulfilling the tasks of this NPC session," he said at a group discussion on his government work report by Beijing deputies.

When deputy Huang Da, president of Chinese People's University, expressed his view that Chinese realities require a correct handling of reform, development and stability, Li Peng said, "local governments should have the national interests in mind, and the mass media should guide public opinion correctly, providing complete and accurate information about central authorities' policies to avoid misunderstandings by the people."

For the nation, he said, 1994 is a year of heavy reform tasks and economic development. The introduction of many reform programs represents an important step toward the establishment of a socialist market economy.

He called for carrying out the reform programs firmly, adopting prudent attitudes and solving questions timely to ensure a smooth progression of reform and open policy implementation.

Li noted prices are an important factor for social stability. Experience has shown that it is correct to reform the country's price system step by step.

"The government has lifted price control over 90 percent of goods," he said. "But lifting price control doesn't mean forgoing macro-controls."

He expressed the hope that local governments would make efforts to keep price index at a tolerable level.

While conceding that a shifting of labor is inevitable now that there is a growing labor market in China, the premier called for strengthened management of the army of migrating laborers seeking jobs. "The government should provide guidance over the flowing labor force," he said.

He asked local governments to pay attention to improving urban housing and accelerating the renewal of old residential quarters.

He also urged Beijing to set an example in ideological and cultural progress, better management of the social order and create a good work and living environment for citizens in the capital.

A deputy from the suburbs urged the government to stabilize its rural policies and provide protective prices for farm products.

Another deputy, Doctor Hu Yamei, urged the government to crack down on feasting at public expense, cheating by sham doctors and superstitious activities.

Premier Li Peng listened attentively to the views and took notes.

### Comments on Foodstuffs Production

OW1303083994 Beijing XINHUA in English 0824  
GMT 13 Mar 94

[Text] Beijing, March 13 (XINHUA)—Chinese Premier Li Peng called for boosting vegetable and foodstuffs production to alleviate inflationary pressure here today.

"There are 23 kinds of goods that are most closely related to people's livelihood," Li said. "The most important of them are what people would like to fill in their 'vegetable baskets'."

In China, "vegetable basket" refers to fresh vegetables and foodstuffs such as eggs, fish and meat.

The premier made the remark at a group discussion by deputies from Hebei Province to the National People's Congress (NPC) now in session in the Chinese capital. The deputies were discussing his government work report he delivered at an NPC session last Thursday [10 March].

Li praised Hebei Provincial authorities for doing a good job of developing "vegetable basket projects" in recent years and facilitating supplies of vegetables and foodstuffs to urban residents.

In response to Hebei party chief's comment that low prices and drought were factors affecting cotton production, the premier said that the government has decided to raise purchasing prices for cotton by a proper margin.

"However, if purchasing prices are raised too high, I'm afraid the textile industry won't be able to bear," he said.

The problem will have to be solved gradually, in the process of establishing a market economic structure and carrying out price reform, he said.

The premier proposed expanding the acreage of sprinkling irrigation and improving cotton varieties to combat drought.

Li Peng also talked about enterprise reform, water diversion from the south, and development of water-saving farming.



### Offers Advice for Provinces

OW1403101794 Beijing XINHUA in English 0951  
GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—Chinese Premier Li Peng today called on all localities to properly handle relations among reform, development and stability and firmly carry out new reform measures.

Joining a group discussion with deputies from Hainan Province to the National People's Congress (NPC), Li Peng said that in the process of reforms, it is necessary to discover problems and promptly solve them.

Li Peng also heard today a group discussion by NPC deputies from Jilin Province.

Hainan deputies raised proposals on strengthening the island province's infrastructure, developing its rubber industry and exploiting its marine resources.

Li Peng said Hainan, as China's largest special economic zone, has made remarkable progress in reform and open policy implementation and is one of China's most promising areas.

He expressed the hope that Hainan would make use of its advantages in location and resources to serve as the country's vegetable supply and rice breeding bases and quicken infrastructure development.

The premier also emphasized the importance of maintaining a high ethical standard in Hainan, China's largest special economic zone.

With the Jilin group, the premier heard deputies speaking on enterprise reform, grain production, the opening of border areas, and the introduction of a share-holding system for enterprises.

On improving the performance of state-owned enterprises, Li Peng said it is necessary to give them support by way of introducing reform measures.

"But, fundamentally speaking," the premier said, "enterprises should rely on themselves to find markets for their products and to improve their performance through technical renovation and scientific management."

After he left the Jilin delegation, Li Peng met with and spoke to deputies from Fujian Province.

Speaking of uneven economic development within Fujian, he said the province should make efforts to narrow the gap between developed Xiamen, Fuzhou and Quanzhou and its backward northwestern and eastern parts in a bid to achieve common prosperity.

### Joins NPC Deputies in Discussions

OW1203133794 Beijing XINHUA in English 1310  
GMT 12 Mar 94

[Text] Beijing, March 12 (XINHUA)—Chinese Premier Li Peng and Vice-Premiers Zhu Rongji, Zou Jiahua and Li Lanqing today joined deputies to the National People's Congress (NPC) in their discussions on the government work report made by Li Peng and exchanged with them views on matters deputies are interested in.

Vice-premier and Foreign Minister Qian Qichen did not hear the discussions because he held talks with U.S. Secretary of State Warren Christopher today. He is in the Ningxia NPC delegation.

Today is the third day of the second session of the Eighth NPC and all delegations held discussions the whole day.

After he listened to deputies' speeches in the Beijing delegation, Premier Li Peng said that to achieve a due balance between reform, development and stability is becoming a common understanding of the NPC deputies and is extremely important to accomplish all tasks spelled out by the session and ensure a sustained, fast and healthy development of national economy.

Vice-Premier Zhu Rongji expressed his views on control over price hike during a group discussion of Hunan delegation.

In Sichuan delegation, Vice-Premier Zou Jiahua joined in the discussion and made a speech. He said that in order to ensure healthy economic development, it is necessary to obtain a rational structure and obtain efficiency. This year great efforts should be made to try to make loss-making enterprises improve their performances.

Discussing with deputies in Henan delegation, Vice-Premier Li Lanqing said that this year the government will employ legal, economic and administrative means to keep price rise within a tolerable scope.

He also urged governments at all levels to pay close attention to farming and ensure enough plantation of grain and other farm crops.

During his discussion with deputies from Jilin Province, Li Tieying, State Councillor and minister in charge of the state commission for restructuring the economy, said that the current reform in China covers two important aspects—enterprise reform and reform of the macro-economic structure.

Li said that in establishing a socialist market economy, it is imperative to take enterprise reform as a central link in which reform of major state-owned enterprises is the key.

Reform of the macro-economic structure is aimed at establishing a structure which can efficiently exercise control over national economy with economic law and means as the main lever instead of administrative lever.

### Talks With Beijing Delegates

OW1303202794 Beijing XINHUA Domestic Service in  
Chinese 1411 GMT 12 Mar 94

["Special Feature" by reporters He Ping (0149 1627), Xu Renjie (1776 0088 2638), and Wang Wei (3769 5588): "The Common Understanding Between Premier and Delegates"]

[Text] Beijing, 12 Mar (XINHUA)—Premier Li Peng showed particular concern for the opinions of people's delegates about the "Government Work Report." As a Beijing delegation delegate, Li Peng arrived this morning at the Beijing Hall of the Great Hall of the People to participate in a forum with Beijing delegates attending the second session of the Eighth National People's Congress [NPC], to solicit their opinions and to discuss the major policies on reform, development, and stability.

Hardly had Zhang Jianmin, Beijing Municipal People's Congress Standing Committee chairman and presiding forum chairman, finished his remarks when Huang Da, Chinese People's University president, said "Premier Li Peng's report is encouraging." He added that the report has embodied scientific and truth-seeking spirit and expounded the relationship between reform, development, and stability, which represent the overall situation for doing a good job on various work. He expressed the belief that as long as we can maintain the mutual coordination of reform, development, and stability, and as long as we can bring about mutual promotion of reform, development, and stability, we will surely and victoriously accomplish various reform tasks and fulfill the economic development plan.

Doing a good job on the production and management of state-run large and medium-sized enterprises is extremely important to maintain the sustained development of the national economy. Therefore, Lui Yifeng, deputy director of the Economic and Technological Information Research Institute under the Beijing Chemical Engineering Group, offered his views to Premier Li Peng. He said: "The introduction of a new taxation system will benefit most state-owned large and medium-sized enterprises; but it will pose new problems to some enterprises, particularly poorly run ones. It is hoped that relevant departments will work out effective measures to help solve such problems as chained debts and wage reform at enterprises."

Zhang Zhanlin, head of the Liumingyong Ecological Farm Ranch in Daxing County, straightforwardly touched on the issue which concerns farmers most: solving the issue of the inadequate reserve force for agriculture. He said: "Premier Li Peng's report has pointed out the farmers' innermost thinking, it proposed strengthening the position of agriculture, the foundation of the national economy, and a number of measures to comprehensively develop the rural economy. It is hoped that these measures will be genuinely implemented."

Qinghua University Professor Mei Zuyan said he greatly appreciated the following passage: "Various levels of governments should cut expenditures in other areas and try every possible means to do several concrete things for education." This, he said, reflects the government's plan to raise education to a strategic position and to give education priority development. He, however, hoped that the government would gradually increase investment in education.

Also taking the floor to speak at the meeting were Wang Bilin, Beijing Municipal No. 11 Middle School senior teacher; Li Bosheng, special-grade jade sculpture master at the Beijing Jade Workshop; Hu Dapeng, Municipal Individual Laborers' Association deputy director; and Hu Yamei, honorary president of Beijing Children Hospital. They proposed their respective suggestions to Premier Li Peng on such topics as attaching importance to education, promoting folk arts, developing the private economy, and reforming the medical care system.

Following the delegates' speeches, Li Peng said: "I thank you for your affirmation and support of the "Government Work Report" and the government's work. And I thank you for expressing your opinions and proposing suggestions." He said he would seriously study those opinions and suggestions and would try his best to meet with the delegates' demands and wishes, adding: "This is our unshirkable responsibility."

Li Peng said party and government leaders should not only assume the responsibility for correctly handling well the relationship between reform, development, and stability, but also need to help all to reach a common understanding over the correct handling of the relationship between reform, development, and stability, as they are very important in accomplishing the various tasks that will be set forth at the current NPC session and to bring about a sustained, rapid, and healthy development of the national economy. He said he is pleased with the delegates' reaching a common understanding and with their approval of and support for this year's basic policy for the whole party and for the nation's work. Li Peng pointed out the tasks of reform and development will be very arduous this year. At present, reform plans for major reform of the economic structure have been introduced, thus representing a big step forward for establishing a socialist market economic system. He called for the resolute implementation of various reform plans. He also called for adopting a cautious attitude, for the timely solving of problems once they surface, and ensuring the smooth progress of reform and development.

Li Peng jokingly said: "As I am also one of the Beijing delegation delegates, please allow me to express several opinions." Laughter immediately broke out upon his remark.

The first opinion that Li Peng advanced was related to commodity prices. He said prices constitute an important factor in maintaining social stability. Since implementing the reform and opening up policy, we have



adopted a step-by-step approach with regard to reforming prices. Practice shows that our approach has been a success. Control over 90 percent of commodity prices have been lifted. Macrocontrol, however, is required over commodity prices that have been decontrolled. I hope more efforts will be exerted and more work will be done in this area so that increases in commodity prices will be controlled within the masses' tolerable limit. Regarding commodity price work, Li Peng pointed out the need to pay particular attention to solving well the "vegetable basket" problem for urban and rural citizens. It is necessary to ensure the supply of a vast variety of vegetables at reasonable prices. Commercial networks should be increased in urban areas. Steps should be taken to improve distribution systems. Urban areas should open their doors wider so as to facilitate vegetable growers to sell their produces and to help stabilize the prices of agricultural sideline products in urban and rural areas.

Another of Li Peng's opinion was related to the establishment of a labor market. According to him, labor force flow is an unavoidable phenomenon in the course of economic development. Labor force flow not only meets construction demands in economically developed areas, but also helps the masses in the economically not-so-developed areas to shake off poverty and to become better off. But he urged the creation of a positive guidance for labor force flow and for enhancing management over the labor market, so that the labor force will not flow in a blind and unregulated manner, but in a rational and orderly way.

Li Peng also raised the issue of attaching greater importance to improving citizens' housing conditions. He spoke about the great changes in the urban outlook of Beijing. He said everyone knows that Beijing is becoming a modernized metropolis. He expressed the hope that citizens will make new strides in housing reconstruction. He urged adopting the method of pooling funds from the government, work units, and individuals to accelerate the pace of housing construction, particularly in giving priority to building medium-grade residential housing. Li Peng also said that improving housing conditions is a practical issue which the broad masses show the biggest concern and which requires a speedy solution.

Li Peng said, as the country's capital, Beijing is the miniature and window of the great socialist motherland. In addition to doing a good job in building material civilization, people in Beijing should set an exemplary role in the building of spiritual civilization. It is necessary to make greater efforts to further do a good job in the comprehensive management of social order; to create a stable working and living environment for the citizens; to encourage healthy trends; to oppose unhealthy trends and bad practices; to adopt diverse ways and use healthy and uplifting spiritual products to enrich the cultural market and satisfy the masses' needs in daily life; and to help shape a healthy social trend.

Li Peng's opinions won warm applause from the delegates. The heart strings of the people's delegates drew a little bit closer to that of the Republic's premier..... [ellipses as received].

#### **Announces Decision on Engineering Academy**

OW1103190594 Beijing XINHUA in English 1441  
GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—The State Council, has decided to set up an academy of engineering of China, the country's highest academic institution in the field of engineering technology.

This was announced by Premier Li Peng at the second session of the Eighth National People's Congress [NPC] Thursday [10 March].

A preparatory leading group headed by State Councillor Song Jian has been formed and preparations for the founding of the new academy are already under way.

The decision of the State Council was made upon the proposals raised by some deputies to the NPC and some members of the Chinese People's Political Consultative Conference.

According to the State Council decision, academician is the highest academic title in the area of engineering technology. The first group of academicians will be elected by the middle of the year and more will be added every two years.

#### **Jiang Zemin Urges Army To Defend Modernization Program**

OW1403092494 Beijing XINHUA in English 0909  
GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—Chinese President Jiang Zemin today called on the Chinese Army to strengthen its own building and better carry out its sacred mission of defending China's modernization program.

While examining a government work report with army deputies to the National People's Congress, he called on officers and men of the People's Liberation Army (PLA) to make new contributions to China's reform, development and stability.

Jiang, who is also chairman of the Central Military Commission, said that new reform measures taken earlier this year in taxation, banking, investment, planning, foreign trade and enterprise reform are a "decisive battle" for the country's reform program and open policy implementation.

He said: "victory of this battle and establishment of a framework for a socialist market economic structure will provide a powerful guarantee for a sustained, rapid and sound growth of China's economy."

"We must have a secure and stable social and political environment to achieve this victory.

"Officers and men must be fully aware of their historical responsibilities and strengthen army building so as to better carry out their sacred mission of safeguarding China's security and unification, and defending its modernization drive."

Jiang Zemin, who is also the general secretary of the Chinese Communist Party Central Committee, praised officers and men for having stood the test in the course of reform and opening up, and for their being of one heart and mind with the party Central Committee.

He also called for efforts to improve ideological work among officers and men in the course of creating a socialist market economy.

He stressed the importance of setting lofty ideals, observing discipline, seeking unity, subordinating personal interests to the overall interests of the nation and unswervingly following the party's basic line of taking economic development as the central task.

President Jiang described reform, opening up and the modernization drive as a "grand and arduous" undertaking, which requires the mobilization of all social sectors.

He said the undertaking makes it imperative to bring into full play the initiative and creativeness of all officers and men so that they will better contribute to army modernization and China's prosperity and long-term stability.

The most important task at present is to improve education among officers and men in Deng Xiaoping's theory of building socialism with Chinese characteristics, army building during the new period, party's basic line, army's functions and patriotism, he said.

Jiang also stressed the need to improve living conditions for officers and men, noting: "Army units at all levels must try their best to step up agricultural and sideline production."

It is an important guiding principle of the party to place equal emphasis on material progress and ideological and cultural progress, he noted.

He called on the Army to stand in the forefront of society in promoting ideological and cultural progress.

Army units at all levels must persist in strict training of soldiers and explore new ways for troop command, he said.

"We must further improve unity between the Army and the government and between the Army and the people," he said in conclusion.

### **Jiang Zemin Speaks to Deputies' Meeting on Domestic Work**

OW1103135494 Beijing XINHUA in English 1340 GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—President Jiang Zemin today called for attention to socialist ethics, discipline, the need to take national interests into account and the necessity to take the road of common prosperity.

"The further reform is carried out, the more extensively the pattern of interest sharing is adjusted, and the greater the market role is, the more vigorously we should advocate socialist ethics, discipline, attention to national interests as a whole, and common prosperity," he said.

Jiang, who is also general secretary of the Chinese Communist Party Central Committee, attended a group discussion on Premier Li Peng's government work report by Shanghai deputies to the National People's Congress (NPC), of which he is one.

Joining the discussion, Jiang said that under the current good situation at home and abroad, it is imperative to seize opportunities for economic development.

"Meanwhile," he said, "we must keep sober-minded and be fully aware of challenges faced by China in the international community, as well as problems that have arisen at home amid continuous progress."

Jiang Zemin stressed the need to work even harder and more diligently.

He asked governments at all levels to devote their major attention to seizing development opportunities, deepening reforms, opening China wider to the outside world, promoting economic development and maintaining social stability.

The central authorities have decided on the focus of work for this year in order to achieve "a sustained, rapid and sound" development of the national economy, he said.

The key to successfully fulfilling the task, he said, is to correctly handle relations between reform, development and stability.

"We must pay close attention to maintaining a stable social and political environment, promote reform and development amid stability, and ensure long-term social stability through reform and development," he said.

The president described reform, development and stability as three closely interrelated "strategic pieces" on a chess board, saying that it is a leadership art to correctly handle relations among the three.

On agriculture, he stressed the importance of adhering to the following principles:

- To strengthen agriculture as the foundation of the national economy;
- To steadily increase the output of major farm products such as grain, cotton and cooking oil;
- To alleviate farmers' financial burdens while increasing their incomes;
- To vigorously develop rural enterprises;
- To stabilize the household-based system of farming; and
- To improve the work efficiency of village-level organizations led by village party branches.

Jiang praised large and medium-sized state-owned enterprises for their vital contributions to China's economic growth.

"These enterprises serve as the backbone of China's economy and will continue to play a leading role in expanding a socialist market economy," he said.

"Therefore, no matter what difficulties we may face, we should make every effort to improve the performance of state-owned large and medium-sized enterprises," Jiang said.

Speaking of difficulties being faced by many state-owned enterprises, Jiang said it is a major task of the party, the government and the society as a whole to help them overcome their difficulties and help invigorate them.

The fundamental solution is to deepen reform and unswervingly separate the functions of the government from those of the enterprise, accelerate a change of their operational mechanism and build a modern enterprise system, he said.

It is imperative to push such enterprises onto the marketplace where they should seek new ways to overcome difficulties.

State enterprises, in different types and with different conditions, can have diversified operational approaches and varied ways to invigorate themselves, Jiang said.

However, he said, it is a must to preserve and increase the value of state assets.

He expressed the hope that Shanghai will accumulate more valuable experience in state enterprise reform.

Jiang also emphasized the importance of socialist cultural and ideological progress.

Both material civilization and cultural and ideological progress are important aspects of China's modernization program, he said.

It will be a dangerous deviation for a country, a nation and individuals to emphasize only the material side to the neglect of the spiritual side, he said.

Jiang expressed his appreciation of remarkable achievements made by the people of Shanghai.

He reiterated that development of Pudong is a major policy decision of the central authorities, that development and opening of pudong is a firm strategy and that the central authorities' policy towards Pudong will remain unchanged.

Jiang also expressed the hope that Pudong will become a real "dragon head" for the Chang Jiang River valley.

Shanghai's development can never be separated from the support of other parts of the country and the latter's development also needs Shanghai's support.

Shanghai's working class and people should make continuous and fresh contributions to the development of other parts of the country, especially central and western regions, he said.

Rong Yiren, Chinese vice president and an NPC deputy in the Shanghai delegation, also spoke at the group discussion.

#### **Jiang Zemin Discusses Situation in Shanghai**

*OW1403090394 Shanghai People's Radio Network in Mandarin 2300 GMT 11 Mar 94*

[Report on interview with Jiang Zemin by special correspondent Zhu Mei on 10 March in Beijing; from the "Morning News" program]

[Text] On the afternoon of 10 March Jiang Zemin, general secretary of the CPC Central Committee, president of the state, and deputy to the National People's Congress (NPC) elected from Shanghai, attended a group discussion with NPC deputies from Shanghai. He discussed state affairs with other NPC deputies. After the meeting, Jiang Zemin agreed to an interview with our station correspondent. The following is a related report from Beijing by special correspondent Zhu Mei:

[Begin recording] [Zhu Mei] From assuming the post of Shanghai mayor to becoming general secretary of the CPC Central Committee, Jiang Zemin has always showed great concern for the shopping basket issues of urban residents. He often said the situation can be determined from what is in citizen's shopping baskets. Jiang asked cadres at various levels to place the shopping basket issue on their important daily agendas. Today, he once again mentioned the topic of shopping baskets.

[Jiang Zemin] I am concerned about commodity prices. I had been in Shanghai for many years and roughly knew the prices of foodstuffs in all the markets. I am also (?interested) in commodity prices in Beijing. Regrettably, I cannot go there to ask about prices. However, family members often go to the Xidan Food Market. [words indistinct] Eggs were 2.8 yuan in Shanghai. Right? Now the price seems a little cheaper, something like 2.7 yuan. Generally speaking, the masses still have complaints



about commodity prices, feeling they are too high. However, now the capability and income level of the masses have also increased somewhat. [words indistinct] The residents are very concerned about the price of foodstuffs, such as preserved eggs, meat, and [word indistinct]. Their main concern is their shopping basket and (?food grain).

[Zhu Mei] In his talk, General-Secretary Jiang Zemin stressed the dialectics of speed of our country's economic development.

[Jiang Zemin] Development is the final word. This is totally correct. Comrade Xiaoping has made a series of important expositions on the issue of development. He asked us to seize opportunity in order to accelerate reform and development. In short, if you have conditions for development, you should be able to develop in a relatively rapid manner. In areas lacking the conditions for development, you should create conditions for development; but you must not be too hasty, and must not insist on development if you clearly do not have the conditions for development. It will eventually create problems. I am talking about the situation of the entire country, including Shanghai. Every county and every district cannot develop in a balanced manner based on the same model. We all want to be rapid. Concerning speed, Comrade Li Peng put forward a figure of 9 percent. Of course this 9 percent cannot be applied to all locales because the situation in various regions is different. We cannot demand the same speed. We must not blindly seek output value and expand the scale of investment. We also must not solely depend on beginning new projects. In my opinion, Shanghai has very good conditions, including the quality of workers and level of management and market. The main conditions are all very good. Therefore we have great expectations.

[Zhu Mei] Comrade Jiang Zemin had in the past worked at large and medium enterprises for a long time. He has great expectations in the improvement of large and medium enterprises in Shanghai, and has established a modern system for socialist enterprises.

[Jiang Zemin] [Words indistinct] We should use a third eye to look at a book [as heard]. We should (?analyze the situation) from social and political angles. Whoever grasps the leadership of large and medium enterprise will have gripped the lifeline of the state. There is reason for it, because they are the backbone of the socialist ownership system. Therefore, we must do an effective job in developing state-owned large and medium enterprises, and must not fail in this work. We must only strengthen our efforts, and not weaken them. As to how to do a good job in this respect, I am willing to discuss this with you. For example, the Third Plenary Session of the 14th CPC Central Committee called for establishing a modern enterprise system. [words indistinct] The level of development of state-owned large and medium enterprises is different in various localities. For instance, the level of development in Shanghai is relatively high. Even in Shanghai, the situation is not the same. It is necessary to

make an analysis. Under the leadership of the CPC, state-owned large and medium enterprises must still give full play to the administrative leadership of plant directors; party committees should adopt the role of political core. We should also develop the initiative of the broad masses of staff members and workers in production as the masters of the country. The trial of the joint stock system at selected units will not annul their position of being masters of the country; it will not annul their position. Therefore, we may have to give some assistance to state-owned large and medium enterprises which suffer from serious economic losses [words indistinct], but not those enterprises which have no future in development [words indistinct].

[Zhu Mei] Jiang Zemin talks with zest about refined art, popular songs, cultural accomplishments, and other light subjects.

[Jiang Zemin] Concerning Shanghai's philharmonic orchestra, music, and related topics, in an earlier period there were [zui xin zu] and (?four great heavenly emperors) [si da tian wang]. In regards to them, we should give people guidance. So many people enjoy them, but are not allowed to watch. The Constitution has no such stipulation. In addition, some are fond of these things. Talking about popular songs, some are very good. But it seems a little bit too much if they indulge their passion in those things. If the great Chinese people do not know anything about Beethoven's 9th Symphony and (?happy song) [huan le song], [words indistinct] it is not good. I heard that our comrade (Min Huifen) has a large audience [words indistinct], and erhu [two-stringed bowed instrument] can be developed. Those things need support by (?performers), the state, and various departments. China is a nation with an outstanding culture; we also have several thousand years of history [words indistinct].

[Zhu Mei] At 1745 this afternoon, soon after the discussion with the Shanghai delegation, Shanghai reporters immediately rushed toward Jiang Zemin. I was the first to step forward and make a request of the general-secretary.

[Zhu Mei] General Secretary Jiang, please say something to us. We are all from Shanghai.

[Jiang Zemin] Of course. I hope Shanghai will develop more, and people will have a happier life. As a resident of Shanghai, I am convinced Shanghai has much talent and outstanding conditions. For instance, Pudong is developing quite well. I repeatedly said last year that the principle and policy for Pudong will be implemented in a firm manner. I am very grateful to you for asking me to come here and speak.

[Zhu Mei] When a reporter asked the general secretary when would he see Shanghai's Yangpu Bridge, Jiang Zemin said:

[Jiang Zemin, in Shanghai dialect] I wish I could go there tomorrow. [background laughter] [end recording]

**Jiang Zemin, Others Attend NPC Second Session**  
*OW1203015394*

[Editorial Report] Beijing Central Television Program One Network in Mandarin, in its "National Hookup" program, broadcasts at 1100 GMT on 11 March a 7.5-minute announcer-read report over video on the second plenary meeting of the Second Session of the Eighth National People's Congress (NPC) held at the Great Hall of the People on the morning of 11 March.

The video report begins with high-angled pan shots of the filled- to-capacity hall and cuts to show medium close-up shots of the arrival of Jiang Zemin, followed by Qiao Shi and Li Peng, in the hall and their taking their seats at the rostrum where other NPC deputies are already seated.

The video then cuts to show close-ups of Wang Bingqian, NPC Standing Committee vice chairman, announcing the opening of the meeting and cuts to shows close-ups of Chen Jinhua, minister in charge of the State Planning Commission, making a report on the "execution of the 1993 national economic and social development plan and the draft 1994 national economic and social development plan."

As Chen speaks, the camera pans slowly, first from left to right and then from right to left, to show medium close-ups shots of Wang Bingqian, Tomur Dawamat, Ma Man Kay, and other executive chairmen of the session sitting in the front row of seats on the rostrum.

The video then shows individual close-ups of Jiang Zemin, and Li Peng, Qiao Shi, Zhu Rongji, Liu Huaqing, Hu Jintao, and Rong Yiren; and then moves slowly from left to right to show close-ups of Ding Guangen, Yang Baibing, Hu Bangguo, Liu Zhongli, Xie Fei, and Wen Jiabao; and then from right to left to show close-ups of Tian Jiyun, Wang Daohan, Ni Zhifu, Chen Muhua, Lei Jieqiong, Li Ximing, Pagbalha Geleg Namgyai, Cheng Siyuan, Buhe, and other NPC officials sitting in the back rows, including Zou Jiahua, Qian Qichen, Li Lanqing, Peng Peiyun, Luo Gan, Ren Jianxin, Zhang Siqing, Ngapo Ngawang Jingmei, and others. Many seats on the rostrum, including those of Li Tieying and Ye Xuanying, are shown as being empty.

Then video then shows close-ups of Finance Minister Liu Zhongli presenting a report on the "execution of the 1993 state budget and the draft 1994 state budget." As Liu makes the presentation, the video shows group shots of NPC deputies from civilian and military departments. Some deputies are shown wearing minorities' national costumes. Most of the deputies are seen reading the printed version of Liu's report.

Toward the end of the video report, the camera shows close-ups of the PRC insignia on the wall behind the rostrum and then moves slowly backward to provide a wide-angle shot of the entire rostrum.

**Jiang Zemin Speaks at Shanghai Group Meeting**  
*OW1203011294 Beijing XINHUA Domestic Service in Chinese 1343 GMT 11 Mar 94*

[By Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391), RENMIN RIBAO reporter Yang Zhenwu (2799 2182 2976) and XINHUA reporter Zheng Qingdong (6774 1987 2639)]

[Text] Beijing, 11 Mar (XINHUA)— As a National People's Congress [NPC] deputy elected in Shanghai, Jiang Zemin, general secretary of the CPC Central Committee and state president, attended a group discussion by the Shanghai delegation this afternoon and discussed state affairs with them with great zest. He stressed: The further reform is carried out, the more extensively the pattern of interest sharing is adjusted, and the greater the market role is, the more vigorously we should advocate ideals, discipline, unity, and attention to national interests, the more we should promote the spirit of helping each other like passengers in the same boat, taking the interest of the whole into account, and the more we should adhere to the path of working together for common prosperity. He urged Shanghai's working class and the broad mass of cadres and people to continue carrying forward their fine tradition, play an exemplary role in this regard, and make still greater contributions to reform, development, and stability in Shanghai and the whole nation.

At this afternoon's group discussion, the deputies earnestly examined and discussed Premier Li Peng's "Report on the Government Work" and freely aired their views. As Zhang Zhongli and eight other deputies spoke, Jiang Zemin listened attentively and took notes. He; Wu Bangguo, Shanghai Municipal CPC Committee secretary; Mayor Huang Ju; and Ye Gongqi, chairman of the Standing Committee of the Shanghai Municipal People's Congress; chipped in from time to time. They talked cheerfully and humorously and the meeting hall was permeated with a warm atmosphere.

When he spoke, Jiang Zemin first pointed out: Taken together, the current international situation is good for China's development and the situation at home is excellent. The better the situation, the harder we should work to seize the opportunity and take advantage of it to develop our country. We must keep sober-minded and be fully aware of challenges faced by China in the international community, as well as problems that have arisen at home amid continuous progress. We should think of danger in times of peace and work even harder and more diligently.

Jiang Zemin said: The basic policy for and overall task of the party's and state's work for 1994 have been adopted. Everything we do must be subject to and serve the overall task of "seizing development opportunities, deepening reforms, opening up wider to the outside world, promoting development, and maintaining stability." The Central Committee has decided to make this the focus of work to achieve a sustained, rapid, and



healthy growth [chi xu kuai su jian kang fa zhan 2170 4958 1816 6643 0256 1660 4099 1455] of the national economy. This overall task gives full expression to Comrade Deng Xiaoping's ideas of development. We must fully understand it and implement it comprehensively in our work. The key to successfully fulfilling this overall task of the party and state is to correctly handling relations between reform, development and stability. We must, on one hand, work hard to deepen reform, open up wider, and promote economic development; on the other hand, we must pay close attention to maintaining a stable social and political environment, promote reform and development amid stability, and ensure long-term social stability through reform and development. Reform, development and stability are like three closely interrelated strategic pieces on a chess board. When all three pieces are moved with skill and coordination, the national situation as a whole will be enlivened. A wrong move by one piece will put the two other in a tight spot, causing a setback to the overall situation. Correctly handle relations among the three represents an essential leadership art in our modernization drive.

Speaking on promoting agriculture and rural work, Jiang Zemin said: Years of experience has told us that to develop agriculture, there must be no wavering of the following in terms of guiding ideology and basic policy: 1) agriculture as the foundation of the national economy; 2) maintaining a steady increase in the output of major farm products such as grain, cotton, and cooking oil; 3) incremental increase in agricultural input; 4) alleviating farmers' financial burdens while increasing their incomes; 5) vigorously developing village and township enterprises, encouraging rural industries to subsidize agriculture, and creating jobs locally for the surplus rural work force; 6) the policy of stabilizing the responsibility system with the household contract linking output to payment as the main form, perfecting the system of unified management combined with independent management, developing a network of collectivized services, and continuously enhancing the economic strength of rural collectives; and 7) improving the work efficiency of village-level organizations led by village party branches. He also pointed out: Even a large industrial city like Shanghai should uphold, without wavering, the overall guiding ideology that takes agriculture as the foundation of the national economy. In addition to being self-sufficient in grain, the districts and counties in the outskirts must also do a good job in implementing the "shopping basket" project and ensuring an adequate supply of vegetables and other nonstable foodstuffs in the city.

Speaking of continuing the efforts to invigorate state-owned large and medium enterprises, Jiang Zemin stressed: After decades of work, China has developed an independent state-owned industrial system that is comprehensive in scope. This is a unique advantage of the Chinese economy. Thanks to this advantage, China has been able to steer clear of many of the problems that are unavoidable in the course of the development of a

developing country. Large and medium state-owned enterprises have made vital contributions to China's economic growth. They serve as the backbone of China's economy and will continue to play a leading role in expanding a socialist market economy. Therefore, no matter what difficulties we may face, we should make every effort to improve the performance of state-owned large and medium enterprises. Their economic strength can only be increased, never to be weakened, because they are the lifeblood of China's socialist economy and because they are where China's working class is concentrated. It is true that a considerable number of large and medium state-owned enterprises are beset with many difficulties and urgent problems, and it is a major task of the party, the government, and society as a whole to help them overcome their difficulties and to quickly regain their vitality. The fundamental solution is to deepen reform and unswervingly separate the functions of the government from those of the enterprise, to accelerate a change of their operational mechanism, and to build a modern enterprise system. It is imperative to push such enterprises onto the market place where they should compete with one another and seek new ways to overcome difficulties. Government at all levels must also guide them and provide them with the needed support. He pointed out: State enterprises, of different types and under different conditions, can have diversified operational approaches and varied ways to invigorate themselves; they can become very creative on their own. However, this point should be made abundantly clear: They must, all in all, preserve and increase the value of state assets. This fundamental requirement must be adhered to unswervingly. He expressed the hope that Shanghai will accumulate more valuable experience in improving the performance of large and medium state enterprises to usher in a new situation.

Speaking of strengthening socialist spiritual civilization, Jiang Zemin said: The grand goal of rejuvenating China and accomplishing modernization has two aspects: a highly developed material civilization and a highly developed spiritual civilization. Socialism with Chinese characteristics calls for the development of both civilizations. By repeatedly stressing the need to persist in the principle of "giving equal emphasis on two fronts and doing well in both," Comrade Deng Xiaoping has reminded us again and again that while promoting material civilization, we must not overlook spiritual civilization. It would not be a comprehensive, correct implementation of the party's basic policy if a locality, by paying more attention to the former to the neglect of the latter over a long period, has successfully promoted the economy but has seen a decline in social conduct. The growth of social productive forces should be reflected both in the accumulation of wealth and the upgrading of the quality of workers. It will be a dangerous deviation for a country, a nation, and individuals to emphasize only the material side to the neglect of the spiritual side. The suggestion that I made at last year's NPC session that we need to promote the 64-character pioneering spirit [emancipate the mind, seek truth from



facts, actively explore new ways, dare to innovate, work hard, press forward in the face of difficulties, learn from foreign countries, constantly improve ourselves, be modest and prudent, guard against arrogance and impatience, work together as one, keep the national interest in mind, be diligent and frugal, be upright and honest, work vigorously to make the country prosperous, and serve selflessly] has received widespread support. We all hope that this kind of pioneering spirit will become the order of the day throughout the whole nation and the whole society. It is hoped that we will, as a result of the efforts in promoting spiritual civilization, bring forth in large numbers builders of socialism with Chinese characteristics who are well educated, self-disciplined, and who have lofty ideals and moral integrity.

Jiang Zemin affirmed the achievements that Shanghai has made in its work and spoke of his hopes for the city. He said: In the past year, people in Shanghai have done good work under the leadership of the Shanghai Municipal CPC Committee and government; its economic growth has been rapid, and the situation is heartening. It is hoped that the broad ranks of cadres and people in Shanghai will continue to exert themselves, guard against arrogance and impatience, and create still better performance in reform and opening up. He reiterated that development of Pudong is a major policy decision of the central authorities, that the development and opening of Pudong must be carried out unswervingly, and that the central authorities' policy toward Pudong will remain unchanged. He expressed the hope that Pudong will become a real "dragon head" that will bring about economic development in the Chang Jiang Valley and that Shanghai will serve as a conduit for China's march to the world and become a veritable international economic, financial, and trade center. He also said that Shanghai's development can never be separated from the support of other parts of the country and that the latter's development also needs Shanghai's support. Shanghai's working class and people should carry forward the fine tradition of subordinating regional interests to the national interest and make continuous and fresh contributions to reform, opening up, and China's modernization drive and to the development of other parts of the country, especially the central and western regions.

Vice President Rong Yiren, another NPC deputy elected from Shanghai, also spoke at the meeting. He said: China has undergone tremendous changes in the political, economic, and social sectors over the decades. The system of people's democracy is being perfected daily and the economy is growing steadily. Under this new situation, we should work with one heart and one mind and carry forward the spirit of hard work, plain living, and seeking truth from facts in order to turn China into strong, prosperous country.

#### **Liu Huaqing on Modernization of Defense**

*OW1203082194 Beijing XINHUA Domestic Service in Chinese 1351 GMT 11 Mar 94*

[By reporter Luo Yuwen (5012 3768 2429)]

[Text] Beijing, 11 Mar (XINHUA)—Speaking at a group discussion attended by National People's Congress [NPC] deputies from the Chinese Liberation Army [PLA] today, Liu Huaqing, member of the CPC Central Committee Political Bureau Standing Committee and vice chairman of the Central Military Commission, stressed that all PLA commanders and fighters must have a clear understanding of the historical missions that they carry on their shoulders, must actively promote the modernization of the national defense, and must provide a powerful security guarantee for reform, opening up, and modernization.

Liu Huaqing said: The guidelines laid down by the 14th National Party Congress and the Third Plenary Session of the 14th CPC Central Committee have been successfully reflected in the basic policy and tasks for 1994 which Premier Li Peng has clearly outlined in his "Government Work Report." The "report" has especially stressed that seizing the opportunity, deepening reform, opening wider to the outside world, expediting development, and maintaining stability are the requirements of overall importance for the country; and that the relations between reform, development, and stability must be handled properly. Comrades in the armed forces must obey and serve these requirements of overall importance and contribute to reform, opening up, and economic development, as well as to safeguarding the motherland's security.

Liu Huaqing said: China is a socialist country, and our efforts to speed up the modernization of our national defense are totally for defensive purposes so that our motherland's territorial land, waters, and airspace will not be violated, the unification and stability of our country can be safeguarded, and people of all nationalities in the country can dedicate themselves to socialist modernization. The annual military budget of our big country is very low compared to countries of the world. While our military budget cannot be compared to those of the developed countries, it is even much lower than those of certain neighboring countries.

Liu Huaqing said: The Chinese people are a peace-loving people. We suffered immensely from foreign powers' aggression for more than a century, and the wounds of foreign aggression are keenly felt. The Chinese people, who have stood up, will absolutely not permit any aggressors to trample on our national sovereignty and interests, will never seek hegemony, and will never seize an inch of foreign territory. China will not embark on an arms race, nor will we join any military blocs or create spheres of influence. This is our consistent stand. For a long time to come, China will concentrate its efforts on developing production and improving the people's living standards. We will adhere to the party's basic line for 100 years without wavering. Not only is this in the interest of China, but it is also in the interest of Asia and the world as a whole.

Liu Huaqing noted: The armed forces made new headway in all fields in 1993. New successes were

achieved in improving party members' conduct and in promoting honesty and administrative ethics in the armed forces. Many heroes with Xu Honggang as the model came to the fore. An upsurge of the troops' training occurred, and an unusually good situation in military training appeared. New headway was also achieved in defense science and technology research and in improving logistical support.

Liu Huaqing said: To intensify the modernization of national defense, we must follow the guidance provided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and his thoughts on military construction during the new period, pay attention to quality, firmly follow the path of building crack troops with Chinese characteristics, and comprehensively build up our armed forces in accordance with the general requirement put forth by Chairman Jiang Zemin that the PLA must be "politically measured up, militarily toughened, outstanding in work style, strict in discipline, and powerful in defense." In order to improve the PLA's combat-readiness, current and future work will primarily be on strengthening its ideological and political construction, developing modern weaponry, training commanders and technical specialists with the skills needed in modern warfare, and bringing about the best combination of people and weapons through scientific organization and rigorous training. We still have some difficulties with regard to military budgets and military construction, we must therefore carry forward the "five types of revolutionary spirit" which Comrade Deng Xiaoping advocated and Chairman Jiang Zemin's "64-character pioneering spirit" [liberate the mind, seek truth from facts, actively explore, be brave in innovating, wage arduous struggle, proceed despite difficulties, learn from foreign countries, make persistent efforts to improve ourselves, be humble and prudent, guard against complacency and rashness, work with one heart and one mind, take the interests of the whole into consideration, work diligently and practice economy, be upright and honest, rouse ourselves to build a stronger nation, and make selfless dedication], wage arduous struggle, build the armed forces through diligence and thrift, strive to improve the economic efficiency of military projects, and proceed while overcoming difficulties.

Liu Huaqing said: The rock-solid Army-government and Army-people solidarity is important in enhancing social stability and ensuring national peace. We must always preserve this fine tradition under the new situation. He said: Army-government and Army-people relations have been developing satisfactorily in recent years. Projects to support the government, cherish the people, support the military, and give preferential treatment to military families are making progress and improving. Military and local authorities must bear in mind the overall interests of the country and take the initiative in promoting Army-government and Army-people solidarity, in consolidating and developing new Army-government and Army-people relationships, and contribute positively to expediting economic construction and social

stability. The PLA must remain humble and prudent and respect local party committees and government under all circumstances. All officers and men in the armed forces must always bear in mind the code which requires them to serve the people wholeheartedly, and set an example in following the party's lines and general and specific policies and state laws and regulations. The PLA must actively support and take part in local economic construction projects, help the local people solve problems, correct conduct improper for party members, guard against the inroads of corrosion, advocate work ethics, establish a good image, and be brave in fighting social evils. We must rally even more closely around the CPC Central Committee, with Comrade Jiang Zemin as the core, and work hard together with the people in the country to achieve new victories in reform, opening up, and modernization.

### **Liu Huaqing Urges Army Officers To Defend Reform**

*OW1103140094 Beijing XINHUA in English 1349 GMT 11 Mar 94*

[Text] Beijing, March 11 (XINHUA)—Liu Huaqing, a top leader of China's armed forces, today urged officers and men of the People's Liberation Army (PLA) to provide a "powerful security guarantee" for China's reform, opening up and modernization drive.

In a group discussion with PLA deputies about the government work report, Liu, vice-chairman of the Central Military Commission, said that PLA must also redouble their efforts to modernize China's national defense.

He said that PLA must help fulfill the overall task of seizing development opportunities, deepening reforms, opening China wider to the outside world, promoting economic development and maintaining stability as outlined by premier Li Peng in his government work report.

The leader called on officers and men to make their due contributions to reform, opening up, economic growth and national defense.

He said, "ours is a socialist country. Our endeavor to modernize national defense serves solely to defend ourselves, defend our motherland's territory, territorial waters and territorial air space from being infringed, and maintain China's unification and stability."

The amount of China's annual military expenditure is very small in the world, said Liu, who is also a standing committee member of the Political Bureau of the Chinese Communist Party Central Committee.

"The Chinese people are a peace-loving people. They have suffered enormously from invasions by foreign powers over the past century," he said.

The Chinese people, who have stood up, will never allow any aggressor to stamp underfoot China's sovereignty



and interests, he said, adding that they will neither seek hegemony nor want to occupy an inch of land of another country, he stressed.

"China will not pursue an arms race, nor participate in any military block or seek spheres of influence. This stand of ours has been consistent," he said.

For a long time to come, China will concentrate on developing its productive forces and improving people's living standards, he said.

"That conforms to the interests of China and those of Asia and the world at large," he said.

Liu said that last year the Army made new progress in military training, national defense research and logistic service.

Speaking of main tasks for the Army at present and in a period to come, the general said the Army should strengthen its ideological and political construction, develop modern arms and equipment, train commanders and professionals with skills needed in modern warfare and obtain the best combination of men and weapons through scientific arrangements and strict training in a bid to raise comprehensively the combat capacity of the Army.

The Army should carry on the fine tradition of hard struggle and building the Army thriftily and work hard to improve military and economic efficiency and march forward by overcoming difficulties ahead, he said.

He also urged the Army to firmly carry forward the fine tradition of maintaining unity between the Army and the government and between the Army and the people and make positive contributions to promoting economic development and social stability.

The People's Liberation Army should always be modest and prudent and respect local party committees and governments, Liu said, adding that officers and men of the Army should always keep in mind the principle of serving the people wholeheartedly and implement the party's policies and state laws and decrees in an exemplary way.

The Army should support and participate in local economic development and help local people solve difficulties, do good turns to them and bravely fight against social evils.

#### **Liu Huaqing Discusses Work Report With Hubei Deputies**

*OW1403061194 Beijing XINHUA Domestic Service in Chinese 0950 GMT 13 Mar 94*

[By reporters Ding Jianming (0002 1017 6900) and Fang Zhengjun (2455 2398 6511)]

[Text] Beijing, 12 Mar (XINHUA)—In discussing and deliberating the "Government Work Report" with the

Hubei delegation today, Liu Huaqing, member of the Standing Committee of the CPC Central Committee Political Bureau and vice chairman of the Central Military Commission, said emphatically: We now have a good opportunity to deepen reform and accelerate development. People across the country must seize the opportunity, take the overall situation into consideration, pluck up their spirits, and make concerted efforts to carry out China's economic construction.

During the discussion, Liu Huaqing listened attentively to the deputies' remarks and interposed from time to time. He showed great pleasure when Hubei Governor Jia Zhijie briefed the deputies saying that last year the province's gross domestic product exceeded 100 billion yuan; total industrial and agricultural output value topped 200 billion yuan; revenues rose above 10 billion yuan; and urban and rural residents' income registered a considerable increase.

Liu Huaqing said: For Hubei, which is situated in the hinterland of central China, the construction of the Three Gorges project—to divert water from Danjiang reservoir to north China—and the opening of Wuhan and Huangshi cities present a very good opportunity. If the province's 56 million people make concerted efforts to advance in an invigorated spirit and handle relations among reform, development, and stability well, accelerating Hubei's development looks very promising.

Liu Huaqing pointed out: The state has promulgated many new reform measures this year, which involve the readjustment of certain interests. This requires everyone to correctly handle relations between overall and partial interests, subordinate minor interests to overall interests, and foster the thinking of coordinating all the nation's activities as in a chess game. In the transition from the old to the new, some localities will encounter difficulties. The important thing is to take into consideration our actual conditions, display the spirit of plain living and hard struggle, be diligent and frugal, and work hard to overcome difficulties.

Liu Huaqing stressed the need to attach importance to building socialist spiritual civilization. He said: The drive to combat corruption and promote clean government launched in the entire party, army, and country last year was a great success. However, it has not achieved all our objectives. The drive to combat corruption and promote clean government is a long-term task. We must carry it out to the end and never relax our efforts. When speaking of social practice, Liu Huaqing pointed out: We must advocate new socialist practice and fine social ethics, and vigorously promote the spirit of plain living and hard struggle to change prevailing habits and customs. We must adhere to the principle of fostering both material and spiritual civilization, attaching equal importance to both. We must work hard to nurture a new generation of socialist people with ideals, morality, knowledge, and discipline.



### **Liu Huaqing Calls Three Gorges Project Good for Hubei**

OW1303142194 Beijing XINHUA in English 1352  
GMT 13 Mar 94

[Text] Beijing, March 13 (XINHUA)—Liu Huaqing, a top Chinese leader, today urged China's central province of Hubei to take advantage of the giant Three Gorges project on the Chang Jiang river to develop its economy.

Liu said, "for Hubei, the massive Three Gorges project on the Chang Jiang river, the project to divert water from its Danjiang reservoir to north China, and the opening of Wuhan and Huangshi cities, present good opportunities for an economic takeoff."

Liu, who is vice-chairman of the Central Military Commission, expressed the view at a group discussion by Hubei deputies to the National People's Congress now in session in Beijing.

He expressed the belief that Hubei can certainly achieve faster economic growth so long as its 56 million people work hard and properly handle relations between reform, development and stability.

According to Hubei Provincial governor Jia Zhijie, Hubei's gross domestic product topped 100 billion yuan last year.

New reform measures taken by the central government since the beginning of this year involve the readjustment of interests, and that makes it imperative to properly handle the interest of the whole and those of the part, Liu said.

### **CCTV Reports on Liu Zhongli's Budget Address**

OW1103164894 Beijing Central Television Program  
One Network in Mandarin 1155 GMT 11 Mar 94

[Announcer-read report over video from the "Special News Program on the Second Session of the Eighth NPC": "Report on the Implementation of the State Budget for 1993 and the Draft State Budget for 1994"—identified by caption—delivered by Finance Minister Liu Zhongli to the second session of the Eighth National People's Congress (NPC) on 11 March]

[Text] Liu Zhongli's report is divided into three parts: 1. The Implementation of the State Budget for 1993; 2. The Draft State Budget for 1994; and 3. Deepen the Fiscal and Taxation Reform, Relentlessly Increase Revenues and Cut Back Expenditures, and Strive to Fulfill the 1994 State Budget.

#### **1. The Implementation of the State Budget for 1993**

Total state revenues in 1993 came to 511.482 billion yuan—including 69.384 billion yuan income received from domestic and foreign debts—covering 113.1 percent of the budget, a 23.2 percent increase over the previous year. Total state expenditures amounted to 531.982 billion yuan—including 33.735 billion yuan

spent to pay for the principle and interest of domestic and foreign debts—equaled 112.5 percent of the budget, a 21.2 percent increase over the 1992 figure. This resulted in a deficit of 20.5 billion yuan, which was not in excess of the budgeted figure.

Based on the double-entry system, revenues in the regular budget totalled 407.391 billion yuan, or 119.3 percent of the budgeted figure; and construction budget revenues—not including income from domestic and foreign debts—totalled 107.264 billion yuan, or 122.5 percent of the budgeted figure.

The implementation of the 1993 state budget. Both revenues and expenditures exceeded the budgeted figures by a fairly large margin. According to our preliminary analysis, the overfulfillment of revenues by a large margin was mainly due to three factors: First, the national economy's sustained, rapid growth caused an increase in revenues accordingly. The rapid growth of the national economy and the commodity's circulation expansion brought about the overfulfillment of revenues of main tax categories closely related to economic growth. Revenues from the product tax, value-added tax, and business tax alone were 49.5 billion yuan more than the budgeted figure. Second, measures to strengthen and improve macroeconomic regulation and control yielded positive results and led to a marked drop in revenue losses. According to State General Administration of Taxation statistics, efforts to screen tax reductions and exemptions and to collect tax payments in arrears for the previous years brought about a 30 billion yuan increase. Third, in 1994, the central authorities decided to implement the fiscal tax assignment system, under which the central government will reimburse local governments a certain amount of tax revenues based on their 1993 figures. This new system aroused the local governments' enthusiasm for revenue collection, and they took a number of measures to strictly collect taxes, manage revenues, and prevent tax evasion. As a result, revenues increased by a large margin in the fourth quarter. However, some local governments, to inflate the base figure for the central government's reimbursement, resorted to illegitimate means and fraud by collecting taxes before the due date. We have urged local governments to examine and correct themselves, and we will organize forces to verify and handle cases in accordance with the State Council's requirements.

As far as increased expenditures were concerned, expenditures related to economic growth increased by a bigger margin. Expenditures needed for the development of various undertakings also increased by a larger margin. Of these increases, expenses on cultural, educational, science, and health undertakings were 10.816 billion yuan more than the budgeted figure. Expenses on education alone were 6.463 billion yuan more than the budgeted figure. Expenses on urban maintenance and construction was 3.86 billion yuan more than the budgeted figure. Spending for wage adjustment of workers and staff of administrative institutions and units was

budgeted at 4 billion yuan. In the course of implementation, however, because the margin of wage adjustment was higher than the originally estimated figure, in addition to an increase of personnel and changes in jobs and grades throughout the year, the actual spending was almost double the budgeted figure. Generally speaking, the implementation of the 1993 budget was good.

Special mention should be made of the fact that although treasury bond sales were sluggish for some time last year, party committees and governments at all levels, as well as relevant departments, attached great importance and lent enthusiastic support to such sales. Financial departments at all levels also devoted massive manpower to providing services aimed at promoting sales, thereby ensuring completion of the task of issuing treasury bonds. This was of vital importance to the fulfillment of last year's budgetary tasks.

## II. The Draft State Budget for 1994

The guiding principles for planning the state budget for 1994 are: Fully implementing the guidelines of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee; ensuring smooth progress in financial, taxation, and other major economic reforms; continuing to tighten and improve macroeconomic regulation and control; actively building up financial sources; paying attention to improving enterprises' efficiency; ensuring that increases in financial revenue would match economic development; upholding the principle of acting within one's means; readjusting the revenue structure; appropriately increasing input in such key sectors as agriculture, education, science and technology, and infrastructure; maintaining needed increases in funds for national defense, public security, and judicial departments; strictly controlling ordinary fixed assets investments and nonproductive expenditures; and promoting sustained, rapid, and healthy development in the national economy, as well as overall social progress.

We have made initial plans for the 1994 budget in accordance with the guiding principles for budgetary planning and the changes in budget requirements. Excluding revenues from the repayment of domestic and foreign debts, total state revenues are set at 475.99 billion yuan, a 7.7 percent increase over the previous year and calculated on similar terms. Excluding expenses used to repay domestic and foreign debts, total state expenditures are set at 542.914 billion yuan, a 15 percent increase over the previous year and calculated on similar terms. The difference between revenues and expenditures is 66.919 billion yuan [as heard]. A 7.7 percent increase over the previous year is planned for financial revenues in 1994; the percentage increase is not high. Calculated on comparable terms, this year's financial revenues will only increase 14.4 percent over the previous year. The current revenue plan, therefore, is positive because it is based on a full consideration of factors leading to increased revenues, such as rapid economic development and improved management.

The draft state budget compiled according to the dual budget system follows:

Revenues in the regular budget total 448.911 billion yuan, a 9.9 percent increase over the previous year. Revenues in the construction budget total 83.149 billion yuan, a decrease of 22.5 percent from the figure fulfilled in the previous year. In the draft state budget for 1994, revenues in the central budget are set at 332.91 billion yuan, a 3.8 percent increase over the previous year.

The central budget compiled according to the dual budget system follows:

Revenues in the regular budget total 325.923 billion yuan, a 6 percent increase over the previous year. Revenues in the central construction budget total 22.243 billion yuan, a 44.3 percent decrease from the previous year.

To facilitate examination by fellow deputies, I would like to expound policy-related issues in compiling the draft state budget:

The question of debts in 1994. Domestic and foreign debts for 1994 are set at 129.245 billion yuan, a 39.361 billion yuan increase. The total debt volume accounts for 3.8 percent of the year's gross domestic product, a slight increase over the previous year.

The question of promoting rural economic development in an all-around way. Expenditures for aiding agricultural production and for paying various agriculture-related operational charges in this year's state budget total 37.8 billion yuan, a 17.4 percent increase over the actual expenses in the previous year. Including other budgetary items used as agricultural expenses, the state's planned financial input in agriculture totals 52.3 billion yuan, a 7 billion yuan increase over the previous year.

On the issue of further successfully running large and medium-sized state enterprises. This year's reform of the fiscal and taxation systems will focus on transforming mechanisms to seek unity of the taxation system for all enterprises. It will play a positive role in invigorating state enterprises' stamina for development and competitiveness. Meanwhile, our reform of the taxation system will scrap the regulatory tax for state enterprises and exempt them from payment of funds for construction of key energy and transport projects and for state budget regulating funds, thereby increasing their financial strength by over 14 billion yuan.

The issue of increasing investment in the focal points of science, technology, and education. This year's budget for culture, education, science, and public health expenses is more than last year by 17 billion plus, or 18 percent.

### III. Deepen the Fiscal and Taxation Reform, Relentlessly Increase Revenues and Cut Back Expenditures, and Strive to Fulfill the 1994 State Budget

Seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability constitute the overall situation for the work of the whole party and the whole nation. Ensuring the smooth progress of reform of the fiscal and taxation systems and fulfilling the state budget for 1994 are of crucial importance for the fiscal and taxation work to subordinate themselves to and serve the overall situation. We must successfully carry out the work in a down-to-earth manner to ensure that the anticipated results are achieved from reform of the fiscal and taxation systems. The main substance of this year's fiscal and taxation reform include reforming the current local fiscal contractual responsibility system to implement a tax assignment system on the basis of a rational division of power between central and local authorities, reforming the taxation system to establish an indirect tax system based mainly on the value-added tax, unifying enterprises' income tax and personal income tax while reforming state enterprises' profits distribution system, and improving and strengthening macroeconomic regulation and control to promote sustained, rapid, and healthy economic development. The central government must bring the issuance of bonds under control in accordance with the amount of debts approved by the state; local governments must adhere to the principle—keep expenditures within the limits of income and maintain a balance between revenue and expenditure—in making its budget, and are not allowed to make budgets that incur deficits. We must take advantage of the favorable opportunity offered by fiscal and taxation reform to improve revenues. We must improve the methods for the issuance of state treasury bonds to ensure fulfillment of the issuance tasks. As the amount of state treasury bonds to be issued this year is very large, it will have a direct bearing on the results of fiscal and taxation reform and on balance between revenue and expenditure. Financial departments at all levels must closely coordinate with the bank to ensure that priority is given to the issuance of state treasury bonds under the centralized leadership of local party committees and governments. Financial and banking departments at all levels must accumulate experiences, actively explore methods for the issuance of state treasury bonds under the conditions of a market economy, bring the total amount of expenditures under control, and guarantee the expenditures for key projects during the issuance of state treasury bonds. When making arrangements for financial expenditures, they must adhere to the principle of doing what one is capable of, ensure adequate funds for key projects, and curb expenditures for ordinary ones. This year, in addition to continuing to increase input into agriculture, education, and science and technology sectors and into infrastructure projects, in addition to guaranteeing the necessary increase in outlays for national defense, judicial, procuratorial, and public security departments, we must give priority to the expenditures for payment of

wages and for state grain reserves. It is strictly forbidden to transfer wages for staff and workers to carry out new projects. Construction of projects arranged with financial funds by areas that delay payment of wages to staff and workers shall be resolutely postponed or stopped. Institutions that delay payment of wages to staff and workers are not permitted to purchase small cars or other expensive, luxurious consumer goods. Financial departments at all levels must attach a high degree of importance to the issue.

### Chen Jinhua Reports on National Economy

OW1403062394 Beijing Central Television Program  
One Network in Mandarin 1135 GMT 11 Mar 94

[Announcer-read report over video with recorded passage from the "Special News Program on the Second Session of the Eighth NPC": "Report on the Implementation of the 1993 Plan for National Economic and Social Development and the Draft 1994 Plan for National Economic and Social Development"—identified by caption—delivered by Chen Jinhua, minister in charge of the State Planning Commission, to the second session of the Eighth National People's Congress (NPC) on 11 March]

[Text] [Video shows close up shots of Chen Jinhua speaking, and close up shots of Qiao Shi, Jiang Zemin, Li Peng, Zhu Rongji, Liu Huaqing, Hu Jintao, Rong Yiren, and others in the audience; video occasionally pans across the audience and cuts to wide angle shots of the hall]

[Begin Chen Jinhua recording] Fellow deputies: At the request of the State Council, I now submit to this session the report on the implementation of the 1993 plan for national economic and social development and the draft 1994 plan for national economic and social development for your examination and approval, and also for suggestions and comments from members of the National Committee of the Chinese People's Political Consultative Conference and other observers. [end recording]

Chen Jinhua's report contains three parts: (1) The Basic Situation of the National Economic and Social Development in 1993; (2) The Major Objectives and Tasks of the 1994 Plan for National Economic and Social Development; (3) The Need to Strengthen and Improve Macroeconomic Regulation and Control and Implement the 1994 Plan for National Economic and Social Development in an All-Around Way.

#### 1. The Basic Situation of the National Economic and Social Development in 1993

Social production continued a rapid growth. The country's gross domestic product last year reached 3,138 billion yuan, up 13.4 percent over the previous year and 8 percent higher than the planned growth rate. The rural economy saw overall growth last year, with the output of grain and oil bearing crops hitting an all-time high. Grain output reached 456.4 million tons, 13.8 billion



kilograms more than in 1992 and 103.1 percent of the planned figure; and the output of oil bearing crops amounted to 17.61 million tons, 1.2 million tons more than in 1992 and 106.7 percent of the planned figure. Cotton and sugar crop outputs decreased and fell short of planned targets due to reduced crop areas and pests. Crop cultivation was moving in the direction of good quality, high yield, and high efficiency.

The production of animal husbandry and fishery increased quite rapidly. Total meat output rose 10.2 percent over 1992, while the output of aquatic products increased by 14.6 percent.

Village and town enterprises reported continued vigorous growth, and their development accelerated in the central and western regions of the country.

The nation's industry produced a total added value of 1,414 billion yuan, up 21.1 percent over the previous year. This growth rate breaks down into 22.2 percent for heavy industry and 19.9 percent for light industry. Industrial economic efficiency was somewhat enhanced. The sales rate of industrial products rose from 95.5 percent to 96.4 percent, the profits and tax rates of industrial funds rose from 10.1 percent to 10.6 percent, and the velocity of funds circulating increased from 1.66 to 1.71 times. The building industry continued rapid development.

New achievements were made in geological prospecting, and new progress was made in the tertiary industry. The transport and telecommunications industries tapped their potential and strived to satisfy the needs of production and the people's livelihood. The total volume of rail freight transport was 1,193.6 billion tonne-km, up 3.1 percent from 1992. The total volume of post and telecommunications services amounted to 46.1 billion yuan, up 58.9 percent from the previous year. Rapid development was also seen in banking, accounting, auditing, information, consulting, and other service trades which provide direct services to people's everyday lives.

The building of key construction projects and technological transformation projects was stepped up. Investment in fixed assets nationwide reached 1,182.9 billion yuan, fulfilling 147.98 percent of the annual plan and up 50.6 percent over the previous year, or 22 percent with inflation taken into account. To ease bottleneck restrictions on national economic development, the investment in the transport and telecommunications industries enjoyed greater increases, and its proportion in the total investment of state-owned enterprises rose to 20.2 percent in 1993 from 14.7 percent in 1992. Both the investment scale and engineering progress in railroad construction were unprecedented since the founding of the People's Republic. Preparations for the construction of the Three Gorges Project, which the NPC decided to build, have started in an all-around way. The first-stage

of construction, involving earth-stone work for a cofferdam and an open water-diversion channel, is proceeding smoothly. The resettlement of displaced residents has been stepped up. The construction fund-raising has been going on quite well. New progress has been made in tackling major equipment and technology problems.

In the building of key state construction projects, better results were achieved in 1993 than in previous years. A number of backbone projects of structural readjustment were completed and put into operation. One hundred thirty-three large and medium capital construction projects and [word indistinct] 128 technical renovation projects were completed. Newly added industrial and transport capacities included 14.38 million kw of electric power generation, 15.42 million tonnes of petroleum, 1,019 km of newly built, newly double-tracked, and newly-electrified railroads, 3,556 km of highways, 37.52 million tonnes in harbor loading-unloading capacity, and 3.672 million telephone lines. In addition, a number of public welfare facilities were completed and put to use.

Economic, trade, and technological exchanges with foreign countries continued to expand last year. The opening up of coastal regions was moving in the direction of optimizing the industrial structure. The pace of development and opening up of Shanghai's Pudong District was accelerated. A number of new economic and technological development zones were built in some border and coastal cities and in some cities along inland rivers.

Foreign trade developed steadily. The total volume of import and export trade reached \$195.8 billion, up 18.2 percent over 1992. Use of foreign funds increased substantially last year. The amount of foreign capital actually used during the year reached \$36.77 billion, up 91.5 percent over the previous year. The investment pattern by foreign businesses improved, with increased investment in long- and medium-term projects. Investment by big overseas companies and financial groups increased. The focus of investment is gradually shifting towards infrastructure and basic industries, and more investments are flowing to central and western China.

Success was achieved in promoting international tourism, with a considerable increase in income from the tourism industry. At the year's end, the state's foreign currency cash holdings amounted to \$21.2 billion, up 9 percent as compared with the beginning of the year.

Domestic markets were thriving and brisk. Total retail sales volume in 1993 amounted to 1,223.7 billion yuan, up 26.1 percent from the previous year, or 11.6 percent with inflation taken into account. There was an ample supply of consumer goods with a great variety of designs. Of more than 90 percent of commodities, either the supply and demand were balanced, or supply was greater than demand. More capital goods were in circulation.

The capital goods sold by supply and marketing enterprises at and above the county level in 1993 totalled 779.6 billion yuan in value, a 32.3 percent increase over 1992. The retail sales of agricultural capital goods amounted to 135.6 billion yuan, showing an actual decrease of 7.8 percent with inflation taken into account.

Scientific and technological, educational, and social undertakings developed vigorously. New achievements were made in key state scientific and technological projects. In 1993, a total of 33,000 major scientific and technological achievements were scored at the provincial and ministerial level, of which 781 won national awards. The technology market developed soundly, with annual transactions totalling 20.76 billion yuan. Further development was made in education, and basic education was strengthened. Of primary school-age children, 97.7 percent are attending schools. New development was made in secondary vocational education. New achievements were also made in culture, press, publication, radio and television broadcasting, cinema, public health, and sports.

New progress was made in family planning. The natural population growth rate was 11.45 per thousand, 2.43 per thousand lower than the planned target. New success was made in controlling environmental pollution. The people's lives were continually improving, with a continued overall increase in residents' income. During the year, per-capita income of urban residents that could be used in living expenses averaged 2,337 yuan, up 10.2 percent over the previous year after taking inflation into account. Rural residents received a net per-capita income of 921 yuan, up 3.2 percent over 1992 with inflation taken into account. The savings accounts of urban and rural residents totaled 1,476.4 billion yuan in 1993, an increase of 27.9 percent or 321.9 billion yuan over the end of 1992. Stocks, bonds, and debentures in the hands of the residents increased sharply.

Urban employment increased by 7.05 million, and the urban unemployment rate at the year's end was 2.6 percent. Housing conditions continued to improve in both urban and rural areas. New housing built during the year totalled 836 million square meters in floor space, with 266 million square meters in urban areas and 570 million square meters in rural areas.

In 1993, the general index of retail prices rose 13 percent over 1992. The price index of the residents' living expenses increased by 14.7 percent. In 35 large and medium cities, the price index of the living expenses of industrial workers and staff members increased by 19.6 percent.

## 2. The Major Goal and Tasks of the National Economic and Social Development in 1994

In drafting, adopting, and implementing the 1994 plan for national economic and social development, we must use Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line as our guide and implement in an all-around

way, the guidelines of the 14th National Party Congress and Third Plenary Session of the 14th CPC Central Committee to accelerate the pace of building a socialist market economic structure, open China wider to the outside world, strengthen and improve macroeconomic regulation and control, vigorously adjust the economic structure, promote technological progress, actively open new markets, increase economic efficiency, control inflation, and maintain sustained, rapid, and healthy development of the national economy.

In accordance with the state's general work arrangement and guidelines for economic work, the major macroeconomic regulation and control targets for the national economic and social development in 1994 are: Gross national product is to increase 9 percent over the previous year. Total investment in fixed assets is expected to reach 1,300 billion yuan. The deficit for 1994 is expected to reach 66.9 billion yuan. Counting the principal and interest of internal and external debts and external loans for key projects due to be paid back in 1994, total internal and external debts for this year will amount to 129.2 billion yuan. Banks will grant 470 billion yuan in new loans. Total retail sales are expected to reach 1,600 billion yuan in value. Imports and exports are expected to reach \$200 billion in value. The increase in the general level of retail prices will be controlled at under 10 percent. Economic efficiency will be improved. The marketing rate of products manufactured by enterprises, the rate of profits and tax generated from used capital, labor productivity, the turnover rate and (words indistinct) of circulating funds shall all be increased. The natural population growth rate is to be controlled at about 1.3 percent for the year.

The tasks for national economic and social development in 1994 are:

- Persistently attaching prime importance to agriculture and developing the rural economy in an all-around way. Continuous efforts will be made to strengthen agriculture as the foundation of the economy, invigorate the rural economy, and increase peasants' income. Every possible means will be employed to win a good harvest in agriculture and ensure stable and increased output of grain, cotton, oil-bearing crops, and other major agricultural products. We plan to produce 450 billion kilograms of grain, 4.85 million tonnes of cotton, and 17.65 million tonnes of oil bearing crops during 1994.
- Vigorously readjusting the structure, improving management and operation, raising efficiency, and running large and medium state-owned enterprises well. In 1994, industries must truly focus on optimizing structure, improving efficiency, and maintaining an effective growth rate through deepening of reform, opening new markets, strengthening management, and accelerating technological progress.
- Maintaining a reasonable amount of investment in fixed assets and vigorously optimizing the investment



structure: In view of the fact that the current volume of investment in fixed assets and the size of construction projects are already large, it is necessary to strictly control excessively high investment growth this year, and to focus our work on optimizing the investment structure and improving economic investment returns. Available construction resources will be allocated first to projects that have been completed and are ready to be put into production, to continuation projects, and essential new key projects incorporated in the Eighth Five-Year Plan. Efforts will be concentrated particularly on a number of major projects which have a bearing on the overall situation, including the Huai He and Tai Lu harnessing project, the Xiaolangdi key water conservancy project on the Huang He, and other water conservancy projects; the Beijing-Jiulong and Lanzhou-Xinjiang railways; harbor construction at such key ports as Qinhua-ndao, Dalian, and Shanghai; the Beijing-Shenyang-Harbin, Beijing-Wuhan-Guangzhou, and Xining-Lanzhou-Urumqi optical cable trunks; major projects in the eastern region; large coal bases in Shanxi, Inner Mongolia, and Shaanxi; and large hydroelectric and thermal power stations. Efforts will be stepped up to complete automobile projects selected by the state; the Wuxi micro electronics project; and special projects on applied satellites. Preparations will be made for the early stage of the Three Gorges Project, with construction started on both banks at the same time. Construction of transportation projects leading to places outside the country and (?words indistinct) will be put into full swing. Land requisition and migration in the dam area will be completed. Preparations will continue for the early stages of Phase Three of the Baoshan Iron and Steel Complex and other key projects. Investment in processing industries that have surplus production capacities will be strictly controlled.

—Opening wider to the outside world and actively and effectively using foreign capital, resources, technologies, and markets. Efforts will continue to operate special economic zones, the Pudong New Area in Shanghai, open coastal cities and areas, and economic and technological development zones in an efficient way; and to open up more central cities in border regions, along the Chang Jiang river, and in the interior.

—Earnestly shifting economic construction onto the path that relies on scientific and technological progress, and further developing educational undertakings. We will continue to implement the guiding ideology of taking science and technology as the primary productive force. We will continue to implement the state's intermediate- and long-term science and technology development programs. This year's science and technology work will focus on the following: 1) Vigorously promoting advances in industrial technologies; 2) continuously promoting key scientific and technological research that has a major impact on

economic and social development, and applying major scientific and technological achievements in industries; 3) strengthening the building of scientific research facilities and a contingent of scientific and technological personnel; and 4) helping enterprises become a mainstay in technological development. Further steps will be taken to bring market forces into play to promote integration of science and technology, and the economy. Education will continue to occupy a strategic position for development on a priority basis. Earnest efforts will be made to implement the program for China's education reform and development.

—Continuing to improve the people's living standards and develop various social undertakings. While developing the economy and upgrading labor productivity, we will continue to upgrade the people's living standards. An important task for this year's economic work is to strive to increase peasants' income. We will further strengthen socialist spiritual civilization as well as actively develop cultural, press, publishing, broadcasting, film and television, healthcare, and sports sectors. We will continue to earnestly and effectively tackle family planning by stressing work in rural areas and the mobile population, and strive to control the natural population growth rate within macroeconomic control targets. We should further strengthen environmental protection, effectively control pollution, implement strong measures for afforestation, and improve the ecological environment. We will protect and rationally utilize natural resources such as land, minerals, forests, and water. This year, the state will also draw up an outline for the development of national social undertakings.

### 3. Strengthen and Improve Macroeconomic Regulation and Control; Comprehensively Accomplish the 1994 Plan for National Economic and Social Development

In accordance with the demand for establishing the socialist market economic system, deepening various major reforms, and maintaining a good momentum for sustained economic development, we will further strengthen and improve macroeconomic regulation and control. The basic starting point of macroeconomic regulation and control is to maintain mutual coordination and integration among reform, development, and stability. Development is the last word. To develop we must have new ideas. It is crucial to place the emphasis on optimizing the economic structure, quickening technological progress, strengthening operations and management, and upgrading economic efficiency. The main task in macroeconomic regulation and control is to maintain an overall balance of total supply and total demand in society. Currently, to maintain the overall balance of total supply and total demand, it is necessary to effectively increase supply by ways and means while controlling the excessive growth of total demand. Macroeconomic regulation and control should be aimed at controlling the increase margin of overall price level. This year, while giving full consideration to the enduring capability of state enterprises and the people, we will



appropriately adjust prices of energy, grain, and cotton. While promoting price reform, we must control the increase margin of overall price level within macroeconomic targets, as determined in the plan. The macroeconomic regulation and control system needs to be continually perfected with deepened reform. Effective implementation of this year's economic plan is significant to quickening the task of establishing the socialist market economic system; keeping a sustained, rapid, and healthy development of the national economy; and promoting comprehensive social progress.

### Chen Jinhua Outlines Macroeconomic Control Targets

OW1103123094 Beijing XINHUA Domestic Service in Chinese 0828 GMT 11 Mar 94

[Text] Beijing, 11 Mar (XINHUA)—The following major macroeconomic regulation and control targets for the national economic and social development in 1994 are excerpted from the "Report on the Implementation of the 1993 National Economic and Social Development Plan and the Draft 1994 National Economic and Social Development Plan," submitted by Chen Jinhua, minister in charge of the State Planning Commission, to the Second Session of the Eighth National People's Congress today.

- Gross national product is to increase 9 percent over the previous year. That breaks down into 3 percent for primary industry, 10.7 percent for secondary industry, and 11 percent or slightly higher for tertiary industry.
- Total investment in fixed assets is expected to reach 1,300 billion yuan. That breaks down into 875 billion yuan for state-owned units, and 425 billion yuan for the collective and individual sectors.
- The deficit for 1994 is expected to reach 66.9 billion yuan. Including the principal and interest of internal and external debts and external loans for key projects due to be paid back in 1994, total internal and external debts for this year will amount to 129.2 billion yuan.
- Banks will grant 470 billion yuan in new loans.
- Total retail sales are expected to reach 1,600 billion yuan in value, including 149 billion yuan for retail sales of agricultural production means.
- Imports and exports are expected to reach \$200 billion in value, with \$100 billion for exports and the same amount for imports.
- The increase in the general level of retail prices will be controlled at under 10 percent.
- Natural population growth rate will be controlled at about 13 per 1,000.
- The output of grain for 1994 is projected at 450 billion kg; cotton, 4.85 million tonnes; and oil-bearing crops, 17.65 million tonnes.

- Efforts will be made to protect croplands and stabilize major crop areas, including 1.65 billion mu for grain and 90 million mu for cotton.
- Efforts will be made to sow 230 million mu of hybrid rice and 270 million mu of hybrid maize; to apply prescription fertilizers on 650 million mu and straw compost fertilizer on 400 million mu; to cover 70 million mu with polyethylene mulch; and to improve 50 million mu of waterlogged lowland and saline-alkali farmland.
- The state will allocate manufactured goods and grain kept in storage and valued at 6.1 billion yuan, up 19.6 percent from 1993, for old revolutionary bases, ethnic minorities, frontiers, and poor areas through work-relief programs.
- The output of raw coal in 1994 is projected to be 1.16 billion tonnes; crude oil, 144.1 million tonnes; electricity generated, 890 billion kwh; steel, 91 million tonnes; the 10 kinds of nonferrous metals, 3.3 million tonnes; and ethylene, 2.1 million tonnes.
- Efforts will be made to further stop deficits and increase surpluses. Electricity consumption for every 10,000 yuan's worth of industrial products should drop 8-10 percent; the marketing rate of manufactured goods should be maintained at over 96 percent; and the turnover rate of circulating funds should increase from 1.71 to 1.75 for the whole year.
- Of investments in fixed assets made by state-owned units in 1994, 485 billion yuan will be on capital construction; 250 billion yuan on technical transformation; and 80 billion yuan on housing, real estate development, and construction. Increased state investment will be made mainly in agriculture, water conservancy, transport, communications, energy, major raw and semi-finished materials, electronics, science and technology, and education. Investment in the development of central and western China will be increased.
- The following major projects are designated as key areas of construction and investment which have a bearing on the overall situation and which should be carried out with all available resources:  
 The Huai He and Tai Lu harnessing project, and the Xiaolangdi key water conservancy project on the Huang He;  
 The Beijing-Jiulong and Lanzhou-Xinjiang railways;  
 Harbor construction at such key ports as Qinhuangdao, Dalian, and Shanghai;  
 The Beijing-Shenyang-Harbin, Beijing-Wuhan-Guangzhou, and Xining-Lanzhou-Urumqi optical cable trunks;

Major projects in the eastern region, large coal bases in Shanxi, Inner Mongolia, and Shaanxi, and large hydro-electric and thermal power stations;

Sedan projects selected by the state;

The Wuxi micro electronics project;

Special projects on applied satellites;

Preparations for the early stage of the Three Gorges Project, with construction started on both banks at the same time, comprehensive construction of transportation leading to other places, and completion of land requisition and migration in the dam area; and

Preparations for the early stages of Phase Three of the Baoshan Iron and Steel Complex and other key projects, as well as a number of other key construction projects.

—The state will arrange a number of key industrial experimentation projects, and construct and expand a number of engineering technology research centers and key state laboratories.

—The enrollment of new undergraduate students in schools of higher learning in 1994 is expected to be 895,000; there are expected to be 42,000 new graduate students.

#### **Qiao Shi Urges Sichuan To Speed Up Economic Growth**

OW1303100494 Beijing XINHUA in English 0936  
GMT 13 Mar 94

[Text] Beijing, March 13 (XINHUA)—Qiao Shi, China's top lawmaker, today urged Sichuan Province to speed up its economic growth by further expanding agriculture and making full use of its industrial strength.

Qiao, chairman of the Standing Committee of the National People's Congress, praised Sichuan, the most populous province in China, for making impressive economic achievements in recent years.

"I'm sure Sichuan will achieve greater economic development in future," he said in a group discussion about premier Li Peng's government work report with NPC deputies from the province.

He said that with weapons factories, steel plants and a railway network built in the early 1960s, Sichuan, including its leading manufacturing center of Chongqing, has a sound industrial base.

Therefore, Sichuan will be able to continue to expand its economy on that base, said Qiao.

Sichuan should accelerate the development of township factories and a diversified economy suited for hilly areas to spur the growth of its rural economy, he said.

Land-locked Sichuan Province, Qiao told the deputies, has its own advantages for attracting overseas investors, such as its rich natural resources, cheap land and labor, and low prices.

#### **Qiao Shi on Favorable Situation, Economic Growth**

OW1203100594 Beijing XINHUA in English 0945  
GMT 12 Mar 94

[Text] Beijing, March 12 (XINHUA)—China's top lawmaker Qiao Shi said China is faced with a favorable international and domestic situation, which is conducive to its economic growth.

"China today faces an excellent situation rarely seen in its modern history," he said in a group discussion about premier Li Peng's government work report.

Qiao, who is chairman of the Standing Committee of the National People's Congress (NPC), said that internationally, China maintains good relations with surrounding countries including members of the Association of Southeast Asian Nations and is steadily improving its relations with Western countries.

All new reform measures taken since the beginning of this year are correct, and new problems that have cropped up in the course of implementing these measures can be solved one by one, he told NPC deputies from coastal Zhejiang Province.

Qiao, who is also a Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee, also spoke on such issues as agriculture, establishment of a modern enterprise system for state-owned enterprises, reform of taxation and financial systems, transformation of government functions, and the fight against corruption.

On agricultural development, he said, "throughout the 1990s and the next century, we must always give top priority to agriculture as the foundation of the national economy."

Qiao stressed the need to take "effective and feasible" measures to help farmers develop both the range and quality of production.

Development of the rural economy is not isolated, he said, but must be combined with reform measures that aim to establish a socialist market economy.

The Chinese Government has decided to help 80 million people shed poverty by the end of this century, he said, adding that attainment of the goal requires concerted efforts by both central and local governments.

Qiao Shi also visited NPC deputies from Anhui and Hubei Provinces.

**Qiao Shi Attends Zhejiang Group Discussions***OW1403054794 Beijing XINHUA Domestic Service in Chinese 1011 GMT 12 Mar 94*

[By reporters Zhang Sutang (1728 1372 1016) and Ding Jianming (0002 1017 6900)]

[Text] Beijing, 12 Mar (XINHUA)—Joining deputies of the Zhejiang delegation in deliberating the government work report today, Qiao Shi, member of the Standing Committee of the CPC Central Committee Political Bureau and chairman of the Standing Committee of the National People's Congress [NPC], pointed out: As far as the current situation is concerned, China is in the best period of its modern history. China's domestic situation is very good. In particular, a good situation of political and social stability and sustained economic development has emerged since the publication of the remarks made by Comrade Xiaoping during his inspection of the south in 1992. The international situation is also conducive to China's socialist construction. We should seize the opportunities and work hard together to develop the economy.

Qiao Shi is a deputy of the Zhejiang delegation. At 0900 [0100 GMT] today, Chairman Qiao Shi arrived at the Labor Building, where the Zhejiang delegation is staying, to participate in the joint discussions of the delegation's second and fourth groups. At the discussion meeting, while focusing on the government work report, deputies Shen Zulun, Zhang Qimei, Peng Guozhen, Ding Bingyan, Sun Yongsan, Xu Cangen, and Liu Minchun, delivered speeches in connection with the struggle against corruption; the agricultural issue; economic reform; the relationship among reform, development, and stability; invigorating the state-owned large and medium enterprises; and the development of town and village enterprises. A lively atmosphere prevailed at the meeting. Many deputies from basic-level units vied with one another to express their opinions.

While the deputies were delivering their speeches, Chairman Qiao Shi listened very carefully. Occasionally he interposed. He said: "Because of my participation in this discussion meeting, your speeches are fairly blunt and come straight to the point. This is good." When Deputy Lei Wenxian, head of the Jingning She Autonomous County—the sole She autonomous county in the country—spoke on how to accelerate the pace of helping poor areas to free themselves from poverty and become well-off, Qiao Shi interposed, saying: It is our resolute objective to free the remaining 80 million people of China who are still poor from poverty and to become well-off by the end of this century. To realize this objective, we must have resolve, and adopt resolute and effective measures. He said: China is a huge country, where development is uneven. There are poverty-stricken areas not only in the western but also in eastern part of the country. The party and government have always attached importance to this question, but it is not possible for the state to take over the entire work of

helping poor areas. However, it is necessary to adopt appropriate preferential policies to help poor areas. The coastal regions in the east, which are relatively more developed, should work vigorously to solve their own problem of helping poor areas become well-off, but they should also do their best to assist western regions.

When the deputies finished speaking, Chairman Qiao Shi expressed his opinions in connection with agriculture and reform. He said: When we say it is necessary to push the economy forward, we must first advance agricultural development. Agriculture was the foundation of our national economy; it is and will remain the foundation. If the foundation is not strong, it is not possible to develop the entire national economy successfully. Qiao Shi said: Our reform began in the countryside; it began with the all-around contract system. It was on this basis that surplus labor in the countryside could be diverted to developing town and village enterprises. China's development is out of the question without the changes that have taken place in rural areas. Therefore, at no time should we forget or relax our efforts in agriculture.

Qiao Shi said: In attaching importance to and developing agriculture—the foundation of the national economy—we must not indulge in empty talk. We must have down-to-earth measures. To permanently preserve the enthusiasm of the peasants, we must not be satisfied with our development level of the past. We should continue to develop agriculture in depth and in breadth, develop diversified undertakings in all sectors of the rural economy, and develop farming operations on a massive scale that stress high yields, high quality, and high efficiency. At the same time, town and village enterprises should continue to upgrade the quality of their products. Qiao Shi stressed: Secondary and tertiary industries have expanded rapidly in recent years, but their growth has been closely related with agriculture. We must not assume that there are no more agricultural problems because we have reaped bumper harvests for many consecutive years and because the vegetable supply has not posed any big problem. We should always closely link secondary and tertiary industries with agriculture. Only thus can we build socialism with Chinese characteristics better.

Concerning reform of the economic structure, Qiao Shi said: Reform is an unprecedented undertaking. The process of reform is one in which explorations are made, and it is not at all strange that some problems will be encountered. Of course, we should constantly sum up our experiences and strive for gradual improvement. We should undertake reform after drawing up a comprehensive plan and making all-around considerations. Of course this is good, but in practice this is not possible and does not conform to the law governing the process of knowing things. He urged the deputies to make proposals and offer their opinions to help the central authorities make policy decisions in a more scientific way, to constantly improve reform measures, and to ensure the smooth progress of reform. Qiao Shi said: Reform will inevitably result in the readjustment of the relationship



among all sectors, and this requires all to increase their understanding of and support for the formulated reform measures. He said: We have the resolve and confidence to advance our reform to successfully build a socialist market economic structure at an early date.

In response to some deputies' suggestions that it is necessary to overcome formalism, Qiao Shi said: Overcoming bureaucratism and formalism has always been a principle of our party. Currently, formalism is quite serious in some areas. The reasons are varied. There is formalism in leading cadres, in localities, and in departments. Therefore, joint efforts from all quarters are required to overcome formalism.

After attending the meeting of the Zhejiang delegation, Qiao Shi called on some deputies of the Anhui and Hubei delegations at the Labor Building.

### **Qiao Shi Calls on Anhui Deputation to NPC Session**

*OW1403112194 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 13 Mar 94*

[News feature by ANHUI RIBAO correspondent Ding Chuanguang and station correspondent Zhan Xu: "The Chairman Is Here With the Anhui Deputation"; from the "Provincial Hookup" program]

[Text] On 12 March the conference room on level 10 of the Beijing Labor Building, where the Anhui deputation is staying, was filled with one warm round of applause after another as Qiao Shi, member of the Standing Committee of the CPC Central Committee Political Bureau and chairman of the National People's Congress [NPC] Standing Committee, entered the room in the company of Comrades Fu Xishou and Meng Fulin to call on Anhui deputies.

Anhui deputation head Meng Fulin introduced Qiao Shi to other responsible persons of the deputation as well as worker, peasant, and intellectual deputies. Qiao Shi cordially shook their hands, nodding to and smiling at them in greeting. Cameras never stopped clicking in the well-illuminated conference room, capturing this memorable moment on film. The deputies vied with one another to brief Qiao Shi on the various work achievements in Anhui last year.

Meng Fulin said: Last year saw the Anhui economy growing at the fastest pace and in the best manner since reform and opening up to the outside world. Qiao Shi asked with concern: How large was the share of village and town enterprises? Fu Xishou answered: They accounted for one third of the province's gross national product, turning out a total output of 36 billion yuan in 1991, 58 billion yuan in 1992, and 110 billion yuan in 1993.

Comrade Qiao Shi has all along concerned himself with Anhui's development. In 1990 and 1991, he inspected Anhui several times and gave work directions. Some

deputies still have fresh memory of these. Deputy (Fang Yiben), mayor of Huaibei, said: The chairman called on the vast number of workers and staff members at the Huaibei Yanggang Coal Mine in 1991, giving them much inspiration. At that time the mine was still running at a loss. However, since coal prices were decontrolled in 1993, it has returned to the black. On hearing this, Qiao Shi repeatedly said: "Good!" He added: I talked with model and advanced workers at the mine. I still remember this.

While Meng Fulin was briefing Qiao Shi on Anhui's strategy of "one line, two points" for opening up to the outside world, a deputy from Wuhu chimed in, saying: Chairman, do you still remember the Wuhu Economic and Technological Development Zone? Qiao Shi laughed and said: I won't forget, I won't forget! His remarks provoked a hearty burst of laughter in the room.

As the clock ticked away the time, Qiao Shi finally stood up and said goodbye to the deputies. A woman deputy requested the chairman pose for a group photograph with all women deputies present. Qiao Shi gladly granted their wish. Soon afterwards he went to the lobby on the ground floor to pose for a group photo with all members of the Anhui deputation as well as hotel workers.

### **Qiao Shi Urges Sichuan To Accelerate Economic Development**

*OW1403071294 Beijing XINHUA Domestic Service in Chinese 1210 GMT 13 Mar 94*

[By reporters Wang Haizheng (3769 3189 1767) and Zhang Sutang (1728 1372 1016)]

[Text] Beijing, 13 Mar (XINHUA)—Qiao Shi, member of the Standing Committee of the CPC Central Committee Political Bureau and chairman of the Standing Committee of the National People's Congress [NPC], arrived at the Sichuan auditorium of the Great Hall of the People this morning to participate in the group discussion of all members of the Sichuan delegation. He said: Sichuan has many favorable conditions for accelerating development; it has great potential. I hope the cadres of Sichuan will make the best use of these favorable conditions, avoid the effects of unfavorable conditions, and make serious efforts to accelerate the province's economic development.

The morning plenary session of the Sichuan delegation was presided over by Yang Xizong, chairman of the Sichuan Provincial People's Congress Standing Committee. At the session, deputies continued to enthusiastically deliberate the government work report delivered by Premier Li Peng. Deputies Zhao Wenxin, Huang Yongguang, Wang Hongju, Ma Kaiming, Li Shenkuan, and Yan Shenggui delivered speeches, expressing their opinions on issues concerning rural reform and development; policies concerning the development of town and village enterprises in the central and western regions; the Three Gorges Project; support for minority areas and maintenance of stability in these areas; strengthening of

construction in the old revolutionary base areas; and development of agriculture that stresses high yields, high quality, and high efficiency.

After carefully listening to their speeches, Chairman Qiao Shi voiced his opinions concerning Sichuan's development, a question of interest to the deputies. He said: Sichuan is a large province with a huge population. It has made important contributions to national construction since the founding of New China. The province has witnessed significant development in the past few years. Compared with the past, Sichuan's growth rate is still relatively fast. In the days to come, Sichuan should make better use of its favorable conditions and bring the enthusiasm of the masses into full play in order to accelerate economic development.

Qiao Shi said: It is a very difficult task for Sichuan, a large hinterland province with more than a 100 million people, to catch up with the open coastal areas in the east within a few years' time. However, Sichuan is very promising. It has a strong industrial base, especial heavy industrial base. In the past, when the state launched the Industrial Streamlining Program in Sichuan, many railways, iron and steel factories, and armament-producing enterprises were built here. Moreover, large cities like Chongqing and Chengdu have their own relatively sound foundation for development. It is quite promising to accelerate development on such a basis. Of course, Sichuan has many mountainous and hilly areas, but it has the Pingchuan Plain, similar to the plain around Chengdu, where there is great potential. With a rich labor force, Sichuan should make vigorous efforts to develop economic crops in its hilly areas in order to push forward its diversified undertakings and comprehensive agricultural development.

Qiao Shi pointed out: Foreign investment is beginning to move into inland areas and this is very beneficial to Sichuan. Meanwhile, Sichuan has advantages in the areas of land and material prices, and labor force. All these have formed a basic investment environment attractive to foreign investors. Such an environment will certainly attract more foreign capital.

Concerning the evacuation of residents in the Three Gorges area, Qiao Shi said: The task of evacuating residents in the Three Gorges area falls mainly on Sichuan. Resettling more than 700,000 people through explorative evacuation is a big job. This process itself will offer a good opportunity for accelerating development. It is necessary to be good at seizing opportunities and transforming pressures into motive forces; it is necessary to fulfill the task of evacuating the Three Gorges residents and speed up the construction of new settlements for the evacuated people, to thoroughly change the state of poverty and backwardness.

State Councillor Chen Junsheng also participated in the Sichuan delegation's discussion meeting today and spoke about the issue of agricultural production.

### **Zhang Wannian, Other PLA Leaders Speak at NPC Discussion**

*OW1303133494 Beijing Central People's Radio Network in Mandarin 2230 GMT 12 Mar 94*

[By station reporter Zhao Lianjin; from the "News and Press Review" program]

[Text] People's Liberation Army [PLA] deputies attending the Second Session of the Eighth National People's Congress [NPC] continued to deliberate on the government work report yesterday.

Liu Huaqing, member of the CPC Central Committee Political Bureau Standing Committee and vice chairman of the Central Military Commission [CMC] attended a panel discussion at which Zhang Wannian, CMC member and chief of general staff; Yu Yongbo, CMC member and director of the General Political Department; and Fu Quanyou, CMC member and director of the General Logistics Department took the floor.

Deputy Zhang Wannian emphatically stated that, in order to accomplish the glorious missions of the party and the people, the armed forces must heighten their awareness in three respects: Preparedness, national defense, and fighting modern battles. He said: Although world tension is generally easing, the world is still not peaceful. While we are at peace, we must always be prepared for crisis.

Deputy Yu Yongbo stressed: We must unequivocally follow the correct guidance provided by the media [jian chi zheng que de yu lun dao xiang] and energetically promote ethical construction in the armed forces. We must, through deep-going and meticulous ideological education, heighten the armed forces' awareness of implementing the party's basic line and all general and specific policies, firmly safeguard the authority [quan wei] of the party Central Committee and the CPC with Comrade Jiang Zemin at the core, and firmly embrace and support all major reform measures which the state has adopted for establishing a socialist market economic system.

Deputy Fu Quanyou pointed out: We must increase the intensity of logistical operations reform, speed up the pace of reform, and achieve higher efficiency and greater logistical capability through reform. We must carry forward the fine traditions of plain living and arduous struggle, strive to display the five types of revolutionary spirit initiated by Comrade Deng Xiaoping and the 64-character pioneering spirit initiated by Chairman Jiang Zemin, and expedite the PLA's modernization of logistical support through reform.

### **PLA Delegation Reviews Li Peng's Report**

*OW1303122394 Beijing XINHUA Domestic Service in Chinese 1451 GMT 11 Mar 94*

[Reporter Luo Yuwen (5012 3768 2429)]



[Text] Beijing, 11 Mar (XINHUA)—Today, delegates from the People's Liberation Army [PLA] enthusiastically examined Premier Li Peng's "Government Work Report" in eight separate groups. Liu Huaqing, Zhang Zhen, Chi Haotian, and other delegates spoke during their respective groups' examination of Premier Li Peng's "Government Work Report."

Central Military Commission's Vice Chairman Zhang Zhen said as Premier Li Peng's "Government Work Report" has greatly inspired the military, set forth clear tasks and demands regarding the issue of strengthening the modernization construction of national defense, the army will resolutely implement it. Consolidating the national defense, resisting aggression, defending the motherland, safeguarding the results of the peaceful labor of the people, are the sacred duty and responsibility that the constitution has entrusted upon our Army. Under the new situation of reform and opening up, the PLA bears a great responsibility to defend the state security and maintain social stability. Only by building a strong and powerful Army which is under the absolute leadership of the party, loyal to the motherland and the people, can our country achieve security and stability, can our country be assured of a smooth progress of reform, opening up, and modernization construction.

After reviewing the achievements in Army construction last year, Zhang Zhen said our army is politically firm, resolutely listens to the party, and can be trusted absolutely by the party and the people. In the new year, our Army will, under the guidance of Mao Zedong's military Thought and Comrade Deng Xiaoping's Thought on building the Army in the new period, in line with the general demands for "political qualification, perfect operational skill, fine working style, strict discipline, and an effective logistic guarantee" proposed by Comrade Jiang Zemin, do a further good job in the revolution, modernization, and regularization of Army construction, and fulfill well the tasks entrusted by the party and the people under the leadership of the CPC Central Committee with Comrade Jiang Zemin at its core.

Zhang Zhen said to do a good job on Army construction, it is first of all necessary to conscientiously study Volume 3 of the *Selected Works of Deng Xiaoping* and to use Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics to arm the thinking of the Army's commanders. It is necessary to increase the study of new and high technology; raise the Army's combat capability in modern conditions; implement a policy of strict Army management; strictly enforce rules and regulations; manage troop units well; foster the excellent work style of strict enforcement of orders and prohibitions; and establish a good image for the people's soldiers. He also expressed the hope of again giving play to the role of militiamen and reserve forces in maintaining social order and social stability.

Delegate Chi Haotian, who is a State Councillor and Defense Minister, spoke at the group meeting. He said practice in China's 15 years of reform, opening up, and

economic construction has demonstrated that reform is the strong impetus for propelling social development. The only way out to solve the deep-rooted contradictions and problems in the current national economy lies in deepening reform. We should not waver in the least to make Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics a guide and support the state in accelerating the establishment of a socialist market economic system. Our Army is the people's army led by the party. In this crucial period in which the state is accelerating the pace of reform, it is necessary to firmly keep in mind President Jiang Zemin's instruction that "revolutionary soldiers should hold high the banner of patriotism and socialism"; to assume responsibility for serving the interests of the party and the people; to serve the overall situation of economic construction; to try our best in doing a good job in national defense construction; and to create a safe and reliable environment to carry out reform smoothly and develop the economy for the state. Chi Haotian said a strong consciousness about national defense is the inspiration for millions of people to care for and support national defense. First of all, the notion of "if there is no Army, there will be no security, and if there is no Army, there will be no stability" must be firmly implanted in the minds of cadres at all levels. We must rely on the force of the party, the government, the military, and society, make regular use of the means of news dissemination, publishing, film-making, and television production to conduct national defense education among the masses, so that the positive effects of national defense education will take root in the minds of the people. We should also attach great importance to the building of a legal system for national defense and persist in giving equal importance to legislation and enforcement of the law. It is necessary to vigorously promote reform, enhance the building of reserve forces, and make the building of reserve forces adapt to the new situation.

This afternoon, delegates from the PLA showed great enthusiasm in speaking out at group discussions. Delegate Xu Huizi said that since the new blueprint has been mapped out and the state's major policies and principles decided, the key lies in their implementation. We must mobilize the initiative and creativity of comrades of the whole party and people in the nation to the greatest extent, gather the people's cohesive force, rouse people to rise with force and spirit, and link our army's construction with the state's economic construction and with the overall situation of national reform. A strong economy will improve the military's outlook and successful reform will bring about a strong national defense. We must subordinate ourselves to the overall situation, support reform, and contribute to the establishment of a socialist market economy. Delegate Xu Xin said all levels of party organizations should enhance the education of party members and leading cadres, train hundreds of thousands of upright and good communist party members, display an exemplary role in reform, opening up, and modernization construction. Delegates Yang Huaqing, Mao Bingxiang, Yang Hong, and others from



the Navy also spoke at the group discussions. They urged enhancement of the Navy's construction and called on the Navy to genuinely assume the heavy historical responsibility of reform, opening up, modernization construction, and to provide a security guarantee on the sea.

#### **XINHUA Branch Director Zhou Nan on Hong Kong Issue**

*OW1403044094 Beijing XINHUA Domestic Service in Chinese 1205 GMT 13 Mar 94*

[By reporters Li Nanling (2621 0589 3781) and Zhang Yijun (1728 4135 0193)]

[Text] Beijing, 13 Mar (XINHUA)—Speaking at a plenary session of the Guangdong delegation today, Zhou Nan, director of XINHUA Hong Kong Branch, said: Having all along abided by all the international agreements it has signed, the Chinese Government will resolutely and earnestly enforce the Hong Kong Special Administrative Region (HKSAR) Basic Law; pursue the principles of "one country, two systems" and "Hong Kong people ruling Hong Kong"; and safeguard Hong Kong's long-term prosperity and stability.

Zhou Nan pointed out in his speech: The current dispute over issues on Hong Kong's constitutional system [zheng zhi 2398 0455] is not one on whether or not we want democracy, but on whether or not we should act in good faith. In a more profound sense, it boils down to a dispute over Hong Kong's sovereignty. In the final analysis, the British side's scheme is that, by using its administrative powers over Hong Kong in the remaining few years and the pretext of so-called "accelerating the democratic process," it will attempt to impose the leading group it forms onto the SAR government in an effort to continually manipulate Hong Kong's political affairs after 1997. The British side has even vainly attempted to transform Hong Kong into an independent or semi-independent political entity. However, it has forgotten the Chinese people will never give in to any foreign pressure on a matter of important principle concerning national sovereignty.

Zhou Nan noted: The Preliminary Work Committee [PWC] of the HKSAR Preparatory Committee has been performing substantive work. In the future, PWC membership will be further expanded. We have appointed two batches of advisers on Hong Kong affairs and one batch of advisers on regional affairs. We will appoint more representatives from the Hong Kong region to be advisers on Hong Kong and regional affairs to hear more views and suggestions from the broad masses of Hong Kong compatriots; and to lay a broad and firm foundation for realizing the principles of "one country, two systems," and "Hong Kong people ruling Hong Kong."

Zhou Nan also said: The broad masses of Hong Kong government functionaries have made important contributions to Hong Kong's prosperity and stability for many years. We welcome them to continue to be devoted

to their duties after 1997 and to make fresh contributions to Hong Kong's future development. We also pay very close attention to issues concerning Hong Kong people's livelihood, and will try our utmost to prevent the British side from passing heavy financial burdens on to the future SAR government and broad masses of Hong Kong residents.

Zhou Nan also briefed participants about the "mutually benefitting and common prosperity-enhancing" relations between Hong Kong and the mainland in the fields of trade, investments, and finance in the past year. According to statistics, the value of bilateral entrepot trade between Hong Kong and the mainland accounted for nearly 90 percent of Hong Kong's total entrepot trade value. The mainland has become the largest market for Hong Kong's export products. In 1993, Hong Kong businessmen actually made use of \$13 billion of their direct investments in the mainland, topping any other outside investors in China. As of the end of 1993, the number of red-chip stocks of Chinese companies [zhong zi hong chou gu 0022 6327 4767 4693 5140] listed on the Hong Kong stock market was 37, previously the number was zero. Their market value accounted for about 10 percent of Hong Kong's total stock market value.

Zhou Nan said: These facts fully show that the economies of Hong Kong and the mainland have integrated into a single entity, and the "China factor" is gradually having a greater and greater impact on Hong Kong's economic development. Strengthening cooperation with the mainland in various fields is an important condition for sustaining Hong Kong's prosperity and stability. Most Hong Kong people have reached a common understanding that Hong Kong wants to closely cooperate with the mainland and opposes the initiation of confrontation.

#### **Official on Firm Beijing Commitment to Hong Kong Basic Law**

*OW1303120094 Beijing XINHUA in English 1136 GMT 13 Mar 94*

[Text] Beijing, March 13 (XINHUA)—China will firmly and earnestly implement the Basic Law of the Hong Kong Special Administrative Region (SAR) and the principles of "one country, two systems" and "administration of Hong Kong by Hong Kong people" to maintain Hong Kong's long-term prosperity and stability, a Chinese official in charge of Hong Kong affairs said here today.

Zhou Nan, a deputy to the National People's Congress (NPC) and director of the XINHUA NEWS AGENCY Hong Kong branch, said the British side has damaged Sino-British agreements on Hong Kong and created confrontation, which shows that colonialists do not change their nature.

Joining the Guangdong delegation in a group discussion during the ongoing NPC session, he said, the essence of the dispute on Hong Kong's political system is whether

people should act in good faith rather than a question of democracy. In a deeper sense, it is a dispute over sovereignty.

The British side, in the final analysis, intends to use its power of control over Hong Kong in the next few years to establish, under the pretext of accelerating democratic process, its own administrative organization and impose it on the special administrative region so that it can continue to monopolize the political situation in Hong Kong and even turn Hong Kong into an independent or semi-independent political entity.

He also refuted the advocacy by some people of turning Hong Kong into "an international asset."

He said, China will resume complete exercise of sovereignty over Hong Kong after 1997. Though Hong Kong will adopt a capitalist system within China and continue to develop as an international financial and trade center, this does not mean that Hong Kong will become a so-called "international asset" or something like the "international concession" of old Shanghai.

Zhou noted, the Preliminary Work Committee (PWC) for the Hong Kong Special Administrative Region faces "an arduous task and important duty."

At present, PWC has entered a stage of substantial work. It must unite with Hong Kong compatriots and make preparations for the SAR, its first government and legislature so as to live up to the expectations of the whole nation.

In future, membership of PWC will be further increased. More Hong Kong public figures will be appointed as advisors on Hong Kong affairs or on district affairs so as to solicit opinions and suggestions from Hong Kong compatriots and lay down a sound foundation for the implementation of the principles of "one country, two systems" and "administration of Hong Kong by Hong Kong people," he added.

He also said, most civil servants in Hong Kong have made important contributions to Hong Kong's prosperity and stability. "We believe the overwhelming majority of them love the country and Hong Kong and support the Basic Law. We welcome them to continue serving Hong Kong residents after 1997 and make new contributions to Hong Kong's future development."

Zhou said that in 1993 the GDP of Hong Kong grew 5.5 percent over the previous year. This substantial economic development was attributable to increased ties and economic cooperation between the mainland and Hong Kong.

He hopes the cooperation will develop to a new stage and create greater benefits for both Hong Kong and the mainland this year.

### Education Minister Zhu Kaixuan Urges More Investment

OW1303143994 Beijing XINHUA in English 1422 GMT 13 Mar 94

[Text] Beijing, March 13 (XINHUA)—China will put more funds into educational undertakings to realize nine-year compulsory education by the turn of the century, Zhu Kaixuan, minister in charge of the State Education Commission, said here today.

Speaking at a press conference held by the current session of the National People's Congress, Zhu said that the government has basically solved the problem of wage payment delays for teachers in most areas of the country.

But some localities are still owing teachers bonuses and subsidies, he said.

Zhu said that the government's budgeted spending on education undertakings will reach 81.5 billion yuan this year, including investment in infrastructures.

Zhu said that though the government education budget is much higher than that for 1993, it is still "a far cry from the actual need."

He said that the government needs the money to support the nine-year compulsory education system, which is aimed at enabling 85 percent of school-age children to complete nine-year education by the end of the century.

After quoting the part of Premier Li Peng's report to the National People's Congress (NPC), or Chinese parliament, that urges local governments to slash expenditures on other aspects and take every means to increase fund input in education undertakings, Zhu said that more channels of fund raising should be opened.

"The government has decreed that localities which owe teachers their salaries are not allowed to buy expensive cars and build nonproductive buildings," he said.

"Government-allocated fund accounts for two-thirds of expenditures on education, but it should not be the only source of funding," he said.

He said that, besides government allocation, China's education system also relies on school-run enterprises, tuition, donations and foundations to support its 200 million students and 10 million teachers. The sources provide over 16.1 billion yuan for the education system in 1992.

Asked whether an increase in tuitions will affect college enrollment, he said that China will keep fees for college students at an acceptable level.

Universities are now charging every student 1,000 to 1,500 yuan as tuition and miscellaneous fees annually. The charges will go up in coming years. The government is offering scholarships, living stipends, student loans and tuition waivers for students.

"Under the socialist education system, we shall not let a single student drop out of school because of economic reasons," he said.

As for Chinese students studying abroad, he said that the government has adopted a policy of permitting people study abroad, allowing them to come and go freely and encouraging Chinese living abroad to serve the motherland in various ways.

"We can understand that some people want to stay in foreign countries for a time or apply for the status of permanent residents in these countries," he said.

He said that Chinese students studying abroad have always maintained close contacts with the motherland. "They can make contributions to their motherland's modernization drive from abroad," he said.

China has sent 210,000 students abroad for study in the past 15 years. One-third of them, or 70,000, have returned to the country.

### Leaders Call on Provinces To Develop Agriculture

OW1303141694 Beijing XINHUA in English 1350  
GMT 13 Mar 94

[Text] Beijing, March 13 (XINHUA)—Strengthening agriculture as the foundation of China's economy is the keynote of speeches of Premier Li Peng, Chairman Qiao Shi, Vice-Premier Zhu Rongji and other leaders in group discussions with deputies to the National People's Congress.

At the ongoing NPC annual session, deputies today continued to discuss the government work report delivered by Premier Li Peng.

Speaking to deputies from Hebei Province, Premier Li expressed the hope that Hebei, a major grain and cotton producer in China, will pay particular attention to the expansion of a water-efficient farming sector, the promotion of scientific farming and development of a diversified economy on the basis of increased grain and cotton production.

Qiao Shi, chairman of the NPC Standing Committee, listened to several deputies from China's most populous province of Sichuan speaking on agricultural production.

He said that Sichuan has a great potential for expanding the farming sector, with large areas of mountainous and hilly region, plains and a large rural workforce.

He said that Sichuan should vigorously expand production of cash crops in hilly regions and pursue a diversified economy.

State Councillor Chen Junsheng also urged Sichuan Provincial authorities to readjust the province's agriculture structure on the basis of stabilizing grain production.

Speaking to deputies from Jiangxi Province, Vice-Premier Zhu Rongji repeatedly emphasized the importance of agriculture and grain production.

He expressed the hope that Jiangxi officials and people will try to step up agricultural production in a bid to promote economic growth and social stability.

Tian Jiyun, vice-chairman of the NPC Standing Committee, delivered a speech on agriculture to NPC deputies from Jilin Province, the largest commodity grain producer in China. Jilin harvested 15 million tons of grain in 1993.

According to Tian, agricultural development, rural prosperity and the rising income of farmers are essential to the success in deepening reforms, opening China wider to the rest of the world, promoting economic development and maintaining social stability.

He made the following proposals to expand agriculture production:

- Taking the road of seeking high yields, and improving the product quality and farming efficiency;
- Achieving an all-round development in farming, forestry, animal husbandry, sideline production and fisheries;
- Vigorously expanding rural industries to increase farmers' incomes; and
- Pushing farm products onto the market and encouraging farmers to become involved in commodity circulation.

Speaking to deputies from Inner Mongolia, Vice-Premier Li Lanqing said that China must rely on its own efforts to feed its huge population.

"So long as we ensure a sufficient supply of grain, vegetables and other daily necessities and keep prices under control, our society will be stable," he said.

State Councillor Li Tieying and Wen Jiabao, an alternate member of the Political Bureau of the Chinese Communist Party Central Committee, also spoke of the importance of agriculture to deputies from Gansu Province.

Li Tieying, who is also the minister in charge of the State Commission for Restructuring the Economy, said that agriculture serves as the basis for Gansu to achieve a sustained and rapid economic growth and narrow the gap between it and developed areas in eastern China.

Wen Jiabao, who is also a member of the secretariat of the party central committee, stressed the need to maintain a sustained increase in grain production by stabilizing the acreage sown to grain crops and pursuing a diversified rural economy.

Where possible, it is necessary to expand the acreage sown to cotton, plant more fruit trees and develop livestock breeding, he said.



### Zhu Rongji Holds Talks With NPC Deputies

OW1403080094 Beijing XINHUA Domestic Service in Chinese 1242 GMT 13 Mar 94

[Report by XINHUA correspondents Zheng Qingdong (6774 1987 2639) and Gao Shuhua (7559 3219 5478): "The Leaders and Rank and File Are of One Mind and Struggle in a Common Effort—Sidelights on Vice Premier Zhu Rongji's Discussion With Deputies to the National People's Congress (NPC)"—XINHUA deadline]

[Text] Beijing, 13 Mar (XINHUA)—On the afternoon of 13 March Zhu Rongji, member of the Standing Committee of the Political Bureau of the CPC Central Committee and vice premier of the State Council, went to where the Guizhou and Jiangxi delegations are staying. He cordially visited NPC deputies from the two delegations, held discussions with them, and seriously heard their opinions and suggestions. The NPC deputies spoke one after another on various subjects from seizing opportunity to deepening reform and opening up wider, and from accelerating development to maintaining stability. The deputies of the Guizhou delegation centered their discussions on how to revitalize Guizhou's economy, and jointly talked about achievements and satisfactory changes in Guizhou over the past years.

When the deputies expressed their hope that the party Central Committee and State Council would further support tobacco and wine production in Guizhou, Zhu Rongji said: "You must not further develop tobacco and wine production on a large scale. The issue you should consider now is not whether to receive support. You should change your concept and study how to maintain the existing production capacity and scale. You should proceed from the reality in Guizhou and take advantage of local resources to vigorously develop other industries."

Zhu Rongji added with a smile: "You all know that the number of Chinese smokers ranks first in the world, and no other country can exceed us in this respect. You cannot say it is not related to the large number of tobacco plants and their excessive output. Up until now, there was a large overstock of tobacco products. If we continue to vigorously develop tobacco and produce more cigarettes, must we even ask small children to smoke?"

"This is the tobacco issue. Now let us talk about wine." Zhu Rongji stated: "Guizhou's Maotai wine is the best in the country and is well known throughout the world. However, there must be a limit on wine production. The problem now is too much Maotai wine in too many places, and there are many fake products. People don't know what is the matter." He then asked Deputy Zou Kailiang, secretary of the party committee of the Maotai Winery: "Don't you think the situation is so?"

Deputy Zou Kailiang nodded his head and replied: "There are indeed too many fake Maotai products in the

market. We hope concerned departments will take effective measures to solve this problem." Other deputies grinned at his words.

Zhu Rongji said: "Fake and shoddy products are market behaviors. This problem is quite serious, and we must rely on the efforts of all of society to solve the problem and strengthen people's concept of the legal system." He added: "You should also adopt measures to tackle the problem. For instance, you can improve the trademark on your wine bottle to prevent imitation."

Deputy Zou Kailiang replied: "We are doing precisely this, and we have undertaken research on integrating wine bottles and covers."

Zhu Rongji said: Guizhou's economy has two pillar industries, namely tobacco and wine. However, we must not produce tobacco and wine in a blind manner, and must have a new understanding and thinking. You should change your concept in tobacco and wine production. The key lies in how to strengthen management, raise quality, and suit the need of the market instead of expanding the scale of production. The bankruptcy of some tobacco plants in Guizhou can explain this. He added: "Guizhou does not lack resources like some have said. Guizhou has its own advantages. It has strong military industrial technologies and many natural resources. So long as you proceed from reality, adjust the production structure of the entire province according to market needs, attach importance to developing communications and transportation, and work hard in a solid manner, Guizhou's economic development has great hopes!"

His words received warm applause. Zhu Rongji smilingly said to the deputies: "You must all remember—the development of Guizhou's economy must not merely rely on tobacco and wine. We must not fix our eyes only on these products."

In holding discussions with NPC deputies from the Jiangxi delegation, Zhu Rongji repeatedly stressed the importance of agriculture and grain production. He asked cadres and masses in Jiangxi to strengthen agriculture and rural work as well as promote economic and social stability.

During the meeting, Zhu Rongji answered questions raised by the deputies. He also introduced to the deputies the current economic conditions at home and the situation of reform and opening up. Zhu Rongji successively told NPC deputies from Guizhou and Jiangxi: Guizhou and Jiangxi have both made great developments in various fields, and have achieved major progress and achievements in various undertakings. The party Central Committee and State Council have fully affirmed their progress and achievements. He hoped people in Guizhou and Jiangxi would work together with people of the entire country, unite as one, work with concerted efforts, continue their efforts, and further improve their work in a solid manner in order to promote the national economy.

Zhu Rongji encouraged comrades of the two provinces: Presently the situation in our country is excellent. We must seize opportunity, deepen reform, open up wider, and maintain stability. We should correctly handle relations between reform, development, and stability in order to promote a sustained, rapid, and sound development of the national economy so as to further push forward the great cause of socialist modernization in our country.

#### **Zhu Rongji Comments on Stabilizing Prices, Market**

*OW1203133994 Beijing XINHUA in English 1323 GMT 12 Mar 94*

[Text] Beijing, March 12 (XINHUA)—Effectively curbing price hikes and stabilizing the market are the key to correctly handling relations between reform, economic development and social stability, according to Zhu Rongji, a Chinese vice-premier reputed to be one of China's most competent economic managers.

"Leaders at all levels must take into consideration the interests of the nation as a whole and firmly control the annual price index in the prescribed range," he said.

Zhu made the remarks when he joined deputies to the National People's Congress (NPC) from Hunan Province in a group discussion on premier Li Peng's government work report. Zhu himself is an NPC deputy from the province.

"Some people attribute the current price rise to reform measures introduced this year," Zhu said. "This is a gross misunderstanding."

The inflation, which had started two months earlier than their introduction, has had little to do with this year's reform measures, he said.

In the past two months, the national economy has shown unexpectedly good performance, the vice-premier said. He based his assessment on the following indicators: First, government revenues jumped more than 30 percent over the January-February period last year; second, money supply has been controlled effectively; third, the exchange rate between renminbi and foreign currencies has remained stable and the country's foreign exchange reserve has increased; and fourth, supplies of goods are sufficient.

"Tightened controls over the scale of capital construction and over consumption spending are the fundamental measure to keep inflation at bay," he said.

The central government, Zhu said, will adopt other major measures to control inflation. They include: To develop agriculture and improve the economic performance of "vegetable basket projects" for stabilizing the prices of grain and foodstuffs; to exercise strengthened management over prices; and to adopt soon a number of major price-control measures.

#### **Zhu Rongji Urges Guizhou on Cigarette, Liquor Output**

*OW1303122294 Beijing XINHUA in English 1157 GMT 13 Mar 94*

[Text] Beijing, March 13 (XINHUA)—Vice-Premier Zhu Rongji today told China's Guizhou Province, a major producer of cigarettes and liquor, to desist from blindly expanding the production of cigarettes and liquor.

"Guizhou has two pillar industries, cigarettes and liquor," he said. "But we must have a new understanding and adopt new approaches on this question. Their production should not be blind. What counts is not large production capacity and a big volume of output. The important thing is to improve factory management and raise product quality to make what you produce suit market demand."

Guizhou Province has its own advantages such as rich natural resources and military technologies for its economic development, he said.

Attending a group discussion by Guizhou deputies to the National People's Congress now in session in the Chinese capital this morning, Zhu asked Guizhou to proceed from its reality, readjust its industrial structure according to market demand, speed up the construction of communications facilities and work in a down-to-earth manner.

Joining deputies of Jiangxi Province in a group discussion, Zhu stressed the importance of agriculture, especially grain production.

#### **Qian Qichen Calls Cross-Strait Exchanges 'Irresistible'**

*OW1303141094 Beijing XINHUA in English 1349 GMT 13 Mar 94*

[Text] Beijing, March 13 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen said today that it is an irresistible trend for economic and trade cooperation across the Taiwan Strait to strengthen and for their people-to-people contacts and exchanges to increase.

Any act or attempted act of secession, no matter in what form, will be in vain, Qian said.

Qian made the remarks when he joined deputies from Taiwan to the National People's Congress in a group discussion on Premier Li Peng's government work report this afternoon.

He expressed the hope that Taiwan authorities will go along with the trend and make joint efforts with the mainland to develop relations across the Taiwan Strait and push ahead with the reunification of China.

In the past couple of years, Qian said, thanks to joint endeavors of people on both sides of the Taiwan Strait,

economic and trade cooperation between the two sides has developed rapidly and people-to-people contacts and exchanges increased steadily.

However, Qian said, there exist some problems in the relations between the two sides, of which the outstanding one is act or attempted act of secession "in varied forms."

It is the common aspiration of all the Chinese people to achieve peaceful reunification of the motherland. Any act or attempted act of secession, no matter in what form, will be in vain, since it runs counter to the fundamental interests of the Chinese nation, Qian reiterated.

As long as people on both sides of the Taiwan Strait join hands to develop relations, the peaceful reunification of China will surely be realized at an early date, Qian added.

#### **RENMIN RIBAO Views Development, Stability**

*OW1303030794 Beijing XINHUA Domestic Service in Chinese 1459 GMT 12 Mar 94*

["Text" of 13 March RENMIN RIBAO Editorial: "Properly Handle the Relations Between Reform, Development, and Stability"]

[Text] Beijing, 12 Mar (XINHUA)—Seizing the opportunity, deepening reform, opening up wider to the outside world, promoting development, and maintaining stability are the general requirements of overall importance for the whole party and country this year, and all other tasks must obey and serve this requirement. Properly handling the relations between reform, development, and stability is of crucial importance to accomplishing all tasks this year.

We have learned from the experiences we have gained from reforms and opening up during the past decade or so that reform, development, and stability are closely related; that nothing can be achieved without a stable social environment; and that stability can be fundamentally maintained only when we persist in carrying out reform, opening up to the outside world, and developing the economy. China's national economy has enjoyed two consecutive years of high growth, and our success has caught worldwide attention. Meanwhile, certain conditions for economic growth have become more stringent as a result of a "bottleneck" hindrance and increasing pressure from inflation during our economic development; and how to maintain a sustained, rapid, and healthy national economic growth, ensure the successful implementation of all reform measures, and maintain social and political stability have become major problems to which all party members, especially leading cadres at all levels, must attach great importance and exert themselves to resolve.

This year is crucial for implementing the Third Plenary Session of the 14th CPC Central Committee decision

and changing the economic structure. Various major reform measures for establishing a socialist market economic structure have been introduced since early this year. The mission from now on is to make meticulous efforts in organizing their implementation. According to the objectives of establishing a socialist market economic structure, many reform measures to be carried out this year are preliminary in nature and we must follow the right direction and exert ourselves in establishing the new structure from the very beginning. Efforts must be made in this regard while reforming the financial, taxation, banking, investment, planning, and foreign trade systems so that a framework of the new structure can be set up. We must continue to implement the "Enterprise Law" and the "Regulations Governing the Change of State-Owned Industrial Enterprise Operating Mechanisms," and exert positive efforts in changing the state-owned enterprises' operating mechanisms and exploring effective ways to establish a modern enterprise system. We must expedite price reform in a timely manner and develop a consolidated, open, competitive, and orderly market system. The basic way to solve the outstanding problems and deep-seated economic problems lies in deepening reform. Without a deepened reform, it is unlikely we can expedite development and achieve stability. Leading authorities at all levels must rally and lead the broad masses of cadres and people to take a clear-cut stand in supporting reform, actively throw themselves into reform, and work earnestly and meticulously in pushing forward reform. To make sure that all reform projects can proceed healthily and successfully, we must sternly criticize and resolutely correct those who have disregarded the requirement of overall importance, gone their own ways, and acted erroneously—such as recklessly raising prices—by flaunting the banner of reform.

The purpose of speeding up the pace of reform toward establishing a socialist market economic structure is to liberate and develop productive forces even further. We must firmly focus on economic construction and concentrate our efforts on boosting national economic development. Under no circumstances should we waver in this regard. Development is the last word. We need new ideas and ways to achieve development. While setting economic development targets, we must make sure that mental emancipation and being practical are unified, that we attach greater importance to higher quality when pursuing higher total output, and that we never return to the old path of seeking high output value and expanding investments unscrupulously. We must steer our economic construction to the track of counting on scientific and technological progress and improving workers' qualities; make great efforts to readjust structures and achieve higher returns; and achieve higher growth through improving management, upgrading technology, and improving quality. Only growth achieved in such a way is solid. We must continue to strengthen and improve macroeconomic regulation and control, comprehensively coordinate economic operations, and maintain a basic balance of economic aggregates. A sustained,



rapid, and healthy national economic development is the foundation of social stability; and it can also create an economic and social environment favorable for the reform process.

To deepen reform, open up wider to the outside world, and promote national economic and social development in all quarters, we must continue to consolidate political stability and unity and maintain social stability. The deepening of reform and the development of the economy certainly will give rise to readjustments of the patterns of interests in certain sectors and changes of mentality, and they will inevitably touch certain deep-seated contradictions and encounter many complex situations and issues never encountered before. We must correctly distinguish and handle the two different types of contradictions, and pay particular attention to knowing the development of things from small clues and checking erroneous ideas at the outset so that problems can be properly resolved when they are still in the bud. We must oppose bureaucraticism and subjectivism. We must go deep into the realities of life to investigate and study, to understand the people's mental state at all times, and to intensify and improve ideological and political work. We must establish close ties with the masses, care about their livelihood, and always be concerned with their well-being. While our reform is in line with the fundamental interests of the overwhelming majority of people, not everyone in all strata can enjoy the same interests and benefits at the same time during the reform process. Moreover, the levels of economic development are also very uneven in different areas. This being the case, we must pay special attention to caring for and assisting those who are not well off, or may even be quite badly off, for the time being. Upholding the principle of being firm in "promoting material civilization and socialist ethics at the same time," we must intensify building a socialist spiritual civilization and a democratic legal system, and harshly crack down on crime. We must remain sober minded and persist in cracking down on hostile forces' sabotage activities.

In short, development is our objective, reform is the dynamics, and stability provides the guarantee. These three are an organic whole. Understanding and grasping the inner ties among them constitute the level and art of leadership which leading cadres at all levels, especially senior leading cadres, must have. During this new year, we must, under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core, firmly adhere to the guidance provided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and that provided by the party's basic line, comprehensively implement the guidelines laid down by the 14th national party congress and the Third Plenary Session of the 14th CPC Central Committee, and seize new and even greater victories in our cause of building socialism with Chinese characteristics.

### NPC Deputies Discuss Government Work Report

OW1103145394 Beijing XINHUA in English 1426  
GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—Delegates to the current session of the Eighth National People's Congress (NPC) today held discussions on Chinese Premier Li Peng's government work report delivered to China's top legislature yesterday.

Their discussions centered on the theme of "reform, development and stability." Close attention was also given to the current difficulties in economic development, as well as the drawbacks of the government's work in 1993.

During the discussions, heads of a number of local governments said that localities should conscientiously uphold the central authority and be subordinate to the economic macro-control of the state.

Chen Huanyou, governor of the economically advanced Jiangsu Province in east China, called the country's reforms this year "an uphill battle," "having risks" and "being inevitable." In order to ensure the smooth progress of reforms, local governments must "act in line with the arrangements of the central government, serve and abide by the need of the country as a whole."

"Localities must not go their own way beyond the central government's policies to pursue immediate or local interests," he said.

Xu Yan, female major of Nantong city in Jiangsu, said that macro-control measures that the central government adopted in the latter half of last year have had satisfactory effects on ensuring a healthy economic growth.

"The central government is far-sighted and appropriate in arranging its macro-control," she said. "Enterprises are enhancing their ability to adapt to these measures."

Gu Jinchu, secretary of northeast China's Liaoning Provincial party committee, said that in order to ensure social stability while accelerating reform and economic growth, local governments have to promptly solve contradictions in the relations concerning interests sharing emerging from the process of reform. Meanwhile, they have to improve the living standards of the people and crackdown on crimes.

Hui Liangyu, deputy secretary of the Hubei Provincial party committee, also voiced concern over poor economic efficiency, stagnant state-owned enterprises, "bottleneck" sectors of transport and energy, agricultural production and social stability.

Delegates from the People's Liberation Army (PLA), who are divided into eight groups for discussion today, said that the army must carry out its tasks spelled out in Li Peng's government work report.

Zhang Zhen, vice-chairman of the Central Military Commission, said that the Army has a two-pronged strategy to safeguard national security and social stability.

Defense Minister Chi Haotian said that the Army will unswervingly support the country's drive to establish a socialist market economy and make every effort to create a reliable environment for reform and economic growth.

#### **NPC Delegates Push For Details of Journalist's Detention**

HK1303063794 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 13 Mar 94 p 2

[By Linda Choy]

[Text] Local delegates to China's legislature are to question the procuratorate over the handling of the case of Xi Yang, a Hong Kong reporter detained for allegedly stealing government financial information.

Concern was expressed at yesterday's meeting of the National People's Congress (NPC) after a faxed appeal from the Hong Kong Journalists' Association. The letter highlighted the lack of transparency surrounding the case and criticised the delay in the hearing. It cited China's Criminal Prosecution Law which stated that all criminal cases should be brought to the court within 1 1/2 months of the arrest.

Xi, a reporter for Ming Pao, was arrested by public security officers last September in Beijing. The authority later accused him of stealing state information. Officials from the judiciary have refused to reveal details of his case, saying it is being processed.

Outspoken lawyer Liu Yiu-chu queried why Xi had been barred from meeting relatives, colleagues and even his lawyer. "He should be punished through an open trial," she said.

#### **Zou Jiahua Urges Reduction in State Industry Losses**

OW1103142494 Beijing XINHUA in English 1412 GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—Vice-Premier Zou Jiahua has urged local governments to adopt measures to reduce losses and increase gains in all state owned enterprises.

In a telephone conference Thursday [10 March], Zou said that despite the successes last year, many state enterprises still suffered losses.

He said that the situation hindered the enterprises from development and indented local revenue.

He said that this situation has adversely affected the living standards of employees and social stability.

He called on government ministries, departments and localities to formulate plans and objectives for better performances.

He said that the focus should be on the coal, oil, textiles and light industries, especially enterprises suffering from losses amounting to over 40 percent and regions that lose more than 1 billion yuan.

The vice-premier said that the enterprises should adjust the structure of their products and develop new ones according to market demand.

He said that banks should issue loans to enterprises that are able to make up for losses.

#### **CPPCC Views Challenges Facing State Enterprises**

OW1103135294 Beijing XINHUA in English 1342 GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—State enterprises in China are confronted with both challenges and opportunities during the process of establishment of a socialist market economy, according to members of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC).

Generally, it is promising to revitalize state enterprises, CPPCC members said at a press conference here today.

"Large- and medium-sized state-owned enterprises have made important contributions to the state in the past decades and served as the main pillars in the national economy. During the current reform, they have remarkable advantages, too, such as advanced equipment, strong technical force and rich experience, and state policy support," said Wan Guoquan, vice chairman of the Central Committee of the China Democratic National Construction Association.

At the press conference held by the news center of the current session of the CPPCC National Committee, Wan said that the central government's reform measures have provided favorable conditions for the revitalization of the state enterprises.

Li Gang, adviser to the China National Automotive Industry Corporation, said though one-third of state enterprises are losing money, the state coffers derive 67 percent of the revenues from the state enterprises.

Professor Wang Yu, a well known economist, said that poor performance of state enterprises are attributed to many factors. Their burdens of debts, pension, medical care and various levies swallow a considerable part of the enterprises' income. But, the fundamental reasons are drawbacks in the management and operational system.

He said that the central government has set clear target and formulated concrete measures to restructure state enterprises. The planned modern enterprise system will clearly define the property rights and responsibilities of

enterprises, separate the functions of the government from those of enterprises, and put enterprise management on a scientific track.

In the process of building a modern enterprise system, "state enterprises will play a role as the major impetus for growth of the national economy," he said.

Asked about the consequences of resumption of China's status in the General Agreement on Tariffs and Trade, Zhang Jusheng, chairman of the Hefei Meiling Company, said the resumption of China's status in GATT will promote China's economic development as well as producing impact on its national industry. He believes his refrigerator company is competitive in the world.

Wan Guoquan said that state enterprise cannot live on government "blood transfusion" loans forever.

"If an enterprise keeps losing money for a long time, the government will have to leave it and let it go bankrupt," he said.

Asked whether the contradictions between enterprises and workers will become serious when more companies go bankrupt, Wan answered the Chinese Government and enterprises have always made their best to guarantee the livelihood of workers and the workers are also cooperative with the government and enterprises.

He said the difficulty will be temporary. The state will continuously provide preferential policies to enterprises so as to ensure the livelihood of workers during the transition period.

#### CPPCC Members Call for Relics Protection

OW1403035594 Beijing XINHUA in English 0327 GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—China should protect its cultural legacy, particularly cultural relics, when it pushes ahead with its modernization program.

This call for the protection of relics was made by many members of the national committee of the Chinese People's Political Consultative Conference (CPPCC) at its current session.

Bi Keguan, a research fellow with the Chinese Academy of Arts, said that it is a common understanding of Chinese at home and abroad not to destroy, over one morning, cultural legacies left over by their ancestors.

Referring to the Three Gorges Dam Project in particular, Bi said the government should adopt proper policies and put in enough funds to rescue cultural relics in the area before a huge reservoir begins to emerge behind the dam.

He cited for protection such cultural sites in the area as an ape-man fossils site, stone-age ruins and residential buildings of the Ming and Qing Dynasties (1368-1911).

He urged relevant departments to try every means to detect relics still buried underground.

Relevant departments should also seek financial aids from Chinese people at home and abroad and from the international community.

Jin Shangyi, professor of the Central Academy of Fine Arts and a noted oil painter, pointed out that the smuggling of antiquities is running rampant on the mainland and so is ancient tomb robbery. In some areas, he added, people even used explosives in tomb robbery and some workers charged with legacy protection even took part in such criminal activities.

He called on all social sectors to make joint efforts to curb such evils which, on the part of some people, result from poverty, ignorance and lack of scientific knowledge.

Jin suggested the building of a national art museum as a way to protect cultural relics.

Bi Keguan said, however, that at present museums on the mainland are afflicted with fund shortages. For instance, due to a lack of money, he said, the China Arts and Crafts Gallery which cost 200 million yuan to build was leased to a foreign company after two years of operation.

Wu Guanzhong, a noted painter, said that in recent years some areas paid no attention to the protection of relics, but spent huge sums of money constructing replicas of ancient buildings.

"We should draw on the successful experience of foreign countries in building museums and protecting cultural legacy," Wu said.

#### CPPCC National Committee Answers Reporters' Questions

OW1303125794 Beijing XINHUA Domestic Service in Chinese 1536 GMT 11 Mar 94

[By reporters Luo Guojun (7482 0948 7846) and Liu Siyang (0491 1835 2254)]

[Text] Beijing, 11 Mar (XINHUA)—The information center of the Second Session of the Chinese People's Political Consultative Conference [CPPCC] National Committee, at a press conference it sponsored at the International Hotel today, invited six CPPCC National Committee members to answer questions raised by Chinese and foreign reporters about the establishment of a modern enterprise system and streamlining large and medium state enterprises.

These six members were Wan Guoquan, executive vice chairman of the China Democratic League Central Committee and member of its standing committee; Li Gang, vice chairman of the Economic Affairs Committee and member of the Standing Committee of the CPPCC National Committee; Wang Jue, professor of the economics department of the Central Party School; Zhang Jusheng, chairman of the Hefei Meiling Corp. Ltd., (Group); Yan Ruifan, president of the China Guanglian



Industrial Corp. Ltd.; and Zhao Changbai, vice chairman of the board of directors of the Shoudou Iron and Steel Company.

A ZHONGGUO ZHENGQUAN BAO [China Securities] reporter asked: Some people hold that the stock system is the way to improve large and medium state enterprises, and that listed companies are modern enterprises. What is your comment?

Li Gang said: Shortage of capital is one problem facing large and medium state enterprises. So these enterprises can obtain the capital they need through the sale of stocks. Fundamentally speaking, however, these enterprises should become modern enterprises through restructuring and replacing their operating mechanisms.

Answering a question raised by a REUTER reporter on his observations about the revitalization of large and medium enterprises, Wan Guoquan said: The key to revitalizing large and medium enterprises lies in clearly defining property rights and responsibilities, separating government from enterprises, and managing these enterprises scientifically. The replacement of operating mechanisms will cause some enterprises certain difficulties, but there should not be any sharp contradictions among government, enterprises, and workers because their interests are fundamentally the same. If everybody strives to surmount difficulties with concerted efforts, certain problems can be resolved. He stressed that large and medium state enterprises were, are, and will remain the mainstays dominating national economic development.

A reporter from XIN MIN WAN PAO [New Nation's Evening News] asked: "How are workers' unemployment problems being solved since the Bankruptcy Law was implemented?"

Wang Jue said: The government has adopted measures to deal with this problem, such as promoting the development of tertiary industry and speeding up the construction of medium and small cities. As reforms deepen step by step, there will be more and more job opportunities for unemployed workers, and avenues of employment will be broader and broader.

Zhang Jesheng, Yan Ruifan, and Zhao Changbai also answered reporters' questions on the competitiveness of large and medium state enterprises after China becomes a GATT member, how state-owned foreign trade enterprises revitalize their operations, and how large and medium enterprises manage their businesses autonomously and accumulate capital.

#### **CPPCC Members Hold Group Discussions on Economy, Reform**

OW1103190294 Beijing XINHUA in English 1456  
GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—Members of the Eighth National Committee of the Chinese People's

Political Consultative Conference (CPPCC) called for handling well relations between reform, development and stability during their group discussions here today.

Yang Jiwan, a consultant for the Ministry of Finance, said that the government has to bring scale of investment under control so as not to fuel inflation. "It is very important to keep prices from rising too fast at present," Yang said.

Wu Jinglian, a well-known economist, said that in the past two months, the series of reforms that China adopted this year have been carried out smoothly. But he said that the reform measures for taxation, financial and foreign exchange systems have yet to be perfected.

Gan Peigen, vice-director of the Financial Research Institute under the central bank—People's Bank of China, said that at the present stage of transforming economic structure, China should properly regulate the economic growth rate and avoid major fluctuations in economy.

CPPCC members from Hong Kong said they hoped that the government will continue to increase investment in education and make great efforts to improve educational undertakings, because education is a key factor that bears profound influence on the growth of the national economy.

Rui Xingwen said that training courses for enterprise managers and legal persons should be held to teach them modern management skills. He said that a multi-tier social security system should be set up to take over the social insurance and welfare burdens from state-owned enterprises.

#### **Hong Kong NPC Deputies Seek Protection of Workers' Rights**

OW1403094294 Beijing XINHUA in English 0907  
GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—Hong Kong deputies to the National People's Congress (NPC) appealed for protection of rights and interests of workers in overseas-funded enterprises at a meeting here today.

With a growing number of overseas-funded enterprises in China, disputes between labor and capital have increased and infringement upon workers' rights and interests has also become a severe issue, Hong Kong deputies said at a group discussion of the Guangdong provincial delegation at the ongoing NPC session.

Cheng Yiu Tong, chairman of the Federation of Trade Unions of Hong Kong and an advisor on Hong Kong Affairs, made an investigation in labor-capital disputes before he came to attend the NPC session in Beijing. He said, infringement upon workers' rights and interests by overseas-funded enterprises includes withholding workers' wages, extending work hours, insufficient facilities for safety production, lack of labor contracts, harsh

factory rules and regulations, arbitrarily encroaching on personal rights and depriving workers of the right to organize trade unions.

After listing a number of facts and figures, he summed up that 70 percent of the disputes belong to the violation of economic contracts by the capital side and infringement on workers' rights; 20 percent are cases that the capital side encroaches on democratic and personal rights of workers; and only 10 percent cases belong to unreasonable demands by workers.

Hong Kong deputies raised suggestions on protection of workers' interests and rights with reference to relevant regulations of Hong Kong and in accordance with domestic reality.

It is necessary to strengthen supervision and strictly abide by law in handling the disputes, they said.

They suggested that workers have the right to ask for liquidation of enterprises which withhold workers' wages for more than one month; those that extend work time arbitrarily, violate industrial safety regulations and endanger workers' health shall be punished; those that refuse to sign labor contracts or allow workers to organize trade unions shall be ordered to stop operation until they accept the demand.

They also suggested that the labor law being drafted shall protect rights and interests of workers in all types of firms—state-owned, collective, overseas-funded or private enterprises—just the same.

#### **Hong Kong Economist Discusses Chinese Debt**

OW1403025394 Beijing XINHUA in English 0157  
GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—China's 129-billion-yuan budgeted debts for 1994 will not hobble economic growth, said K. C. Mun, an economics professor of the Chinese University of Hong Kong, who is here attending a session of the Chinese People's Political Consultative Conference (CPPCC).

According to Chinese Government's 1994 draft budget, the country's internal and external debts will total 129.245 billion yuan, 39.361 billion yuan bigger than the previous year's.

Mun did not regard that as a serious problem, saying that the debts will account for only 3.8 percent of the gross national product (GNP) and that the ratio of debts to GNP is far lower than that for Western economies.

"The debts are within a safe margin," said Mun, noting that China's current economic growth rate will enable the country to repay the principal and interest.

From this year on, the government begins to make up its deficit by issuing treasury bonds instead of overdrawing on the banks. This is the main reason for the rise of debts, Mun said.

He said that the change will greatly strengthen the role of the central bank in regulating and stabilizing banking business, and in accelerating the establishment of a full-fledged bond market.

He suggested that China issue bonds overseas to draw foreign funds to the domestic market.

A real danger for China's economy, he said, is runaway investment in fixed assets by local governments.

"Today, what is urgently needed is concerted efforts by the central and local governments to exercise macro-controls, especially on unbudgeted fixed assets investment," he said.

#### **Official Warns UK Trade May Suffer From Sino-British Row**

HK1303063594 Hong Kong SOUTH CHINA SUNDAY  
MORNING POST in English 13 Mar 94 p 2

[By Chris Yeung and Linda Choy in Beijing]

[Text] British firms bidding for lucrative contracts in Shanghai might suffer in the face of the Sino-British row over Hong Kong's political reform, a vice-mayor of the metropolis, Zhao Qizheng, warned yesterday. Separately, a senior official in charge of Hong Kong affairs, Chen Ziming, also warned Britain's long-term interests in China would be undermined if the political dispute remained unresolved.

Mr. Zhao launched a fierce attack on the British Government at a group discussion among Shanghai delegates to the National People's Congress on the Government Work Report yesterday. "The Foreign Affairs Committee of the British Parliament has said they hope the dispute will not affect trade. This appears to be correct, but wrong in actuality," Mr. Zhao said. "If the door of politics is closed, the door of economics will be closed, or at least half-closed."

He said the German and Japanese governments had made positive moves to strengthen relations with China over various areas including trade and investment. "What has the British Government done? It is pulling the legs of the UK firms instead....Many British enterprises do not agree with the policy of their Government to seek confrontation with China," he said.

Mr. Zhao urged Britain to make early moves to seek conciliation with China. He said foreign partners for many major projects in the booming city would have to be decided this year. These included infrastructure and other investments. "The chance is there. We can't hold up the projects for the improvement of relations (between the two countries). It's impossible for us to do business on one hand and engage in quarrels on the other," Mr. Zhao said.

Meanwhile, Hong Kong delegates to the National People's Congress (NPC) are one step closer to moving a resolution denouncing the three-tier government set up

under British rule. The resolution, initiated by unionist Cheng Yiu-tong, was discussed at great length at a meeting of the congress yesterday.

Only three of the Hong Kong and Macao delegates at the meeting had reservations about the statement, whose message they said had already been carried in remarks by China's Foreign Ministry spokesmen and Premier Li Peng, in his Work Report to the NPC. Proposing the resolution, Mr. Cheng said it was necessary for the NPC, the most authoritative body in the Chinese Government structure, to support the disbanding of the political structure formulated by the British Government in the absence of a Sino-British agreement.

#### **Hu Jintao Discusses Tibet-Related Work**

OW1103165994 Beijing XINHUA in English 1510 GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—Hu Jintao, a top leader of the Chinese Communist Party, said that development and stability are two major issues for Tibet-related work and that establishment of a socialist market economy will provide new opportunities for economic development in the region.

"We must further emancipate the mind and guide Tibet's economic development with new concepts and new thinking that are suited for a socialist market economy," he said.

He asked local officials to take Tibet's special conditions into consideration, do everything in accordance with the reality of Tibet, always serve the interests of Tibetan people, promote Tibet's development, maintain its stability and continuously carry forward the spirit of self-reliance and hard struggle.

"The party Central Committee and the State Council have always attached great importance to Tibet work, having adopted a series of preferential policies and flexible measures for the Tibet region," he said.

During the process of developing a socialist market economy, the central authorities will continue to pay great attention to economic development and social progress in Tibet, he said.

He expressed the belief that Tibet will have a bright future thanks to the correct leadership of the party Central Committee, hard struggle by the Tibetan people and support from the rest of China.

Hu, a member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, expressed the views in a group discussion with Tibetan deputies to the National People's Congress now in session in the Chinese capital.

Talking about Premier Li Peng's government work report delivered yesterday at an NPC session, Hu said the report spells out the national task of seizing development opportunities, deepening reform, opening the

country wider to the rest of the world, promoting economic development and maintaining social stability.

"All our work must be concentrated on fulfilling this central task," he said. "And it is imperative to promptly solve problems that should crop up amid continuous progress."

#### **Tibet Deputy Stresses Development as 'Human Rights'**

OW1403033994 Beijing XINHUA Domestic Service in Chinese 1158 GMT 12 Mar 94

[Article by reporters Zhou Zongmin (0719 1350 2404) and Liu Haimin (0491 3189 3046): "Great changes in Tibet as seen from statistical figures"]

[Text] Beijing, 12 Mar (XINHUA)—The year 1993 was another milestone in the history of Tibet's development.

When discussing the "government work report," Tibet's deputies to the National People's Congress [NPC] cited a series of figures familiarly.

The region's gross domestic product amounted to more than 3.2 billion yuan, a growth of 9.6 percent over the previous year. The region reaped bumper agricultural harvests for six consecutive years, with a record 1993 grain harvest of 620,000 tonnes. Rural enterprises turned out more than 100 million yuan worth of products, up 14.9 percent over 1992. Export trade volume surpassed \$100 million, up 55.4 percent. The per capita income of farmers and herdsmen was 30 yuan more than in the previous year...[ellipses as received]

These figures clearly record the track of Tibet's development, showing the solid steps taken in the advance toward modernization.

Some deputies said: Modern industry was nonexistent in old Tibet. Today, it boasts a dozen industries, ranging from electric power, coal, and chemicals to machinery. Its power generating capacity has exceeded 170,000 kw.

On the daily-improving infrastructure of the region, Deputy Gyainzim talked about the first day Medog county gained access to a highway, as well as the progress of highway construction in Tibet as a whole. According to him, a highway network now covers all the 74 cities, prefectures, and counties in Tibet.

A communications network embracing wireless, wire, air control, and satellite communications with Lhasa as its center has begun to take shape. Satellite ground stations have been built in most areas. International program-controlled telephone switches connected with the world network are now available to some counties and cities. As a result, it is no longer a pipe dream for peasants and herdsmen in out-lying areas to watch television. A number of airports, including the Gonggar International Airport and the Bangda Airport, are either under construction or have been completed and put into operation.



With the steady increase of grain output, the long history of food shortages in Tibet has come to an end. At present, the percentage of marketable agricultural and animal husbandry products has exceeded 23 percent. The clothing, food, housing, and transportation conditions of the more than two million people in Tibet have improved remarkably. Television sets, washing machines, stereo equipment, and other durable consumer goods can be found in ordinary peasant and herdsman's homes. Some are even able to afford cellular phones. Urban residents here are as well-dressed as those in the interior and coastal regions.

Tibet's educational facilities have been built from scratch. There are now more than 3,000 schools of various categories in the region. Medical care facilities are available in all peasants' and herdsman's settlements [dian 7820]. There are 30 cultural organizations in the region. Scientists in Tibet have scored more than 1,000 scientific research achievements, of which 288 have won national or autonomous regional awards. Last year the region received 23,000 tourists from Hong Kong, Macao, Taiwan, and foreign countries, and earned \$9 million in foreign exchange from tourism.

According to the deputies, reform and development have benefited the two million people in Tibet.

Gyaincain Norbu, chairman of the autonomous region said: Tibet's progress today is completely due to the great support given by the party, government, and people of all nationalities across the country, as well as reform and opening up. It is also inseparable from the hard work done by the united people of all nationalities in Tibet.

The deputies said: The huge state investment and vigorous support provided by other parts of the country have added vitality to Tibet's economic development. Reform and opening up have enabled Tibet to free itself from a closed status, and become a channel for China's export goods and technology to the South Asia subcontinent.

Under the new situation in which the establishment of a socialist market economic structure is being accelerated, Tibet is seeking greater development. By 1997, Tibet's gross domestic product and regional income are expected to reach 4.8 billion yuan and 3.68 billion yuan, respectively.

Development is the last word. Deputy Pingcuo said: "Only development means maximum human rights. Only when Tibet achieves development can its stability have a reliable foundation."

#### **Tibetan NPC Deputies Discuss Progress in Tibet**

OW1303060194 Beijing XINHUA Domestic Service in Chinese 1348 GMT 7 Mar 94

[By reporters Zhou Zongmin (0719 1350 2404), and Li Pei (2621 3805)]

[Text] Beijing, 7 Mar (XINHUA)—The plane with the Tibetan delegation to the Second Session of the Eighth National People's Congress [NPC] landed slowly at Beijing Xijiao Airport. The deputies, wearing Western-style business suits, Tibetan gowns, or jackets, stepped down the ramp, carrying briefcases with digital locks or colorful Tibetan bags.

As soon as he stepped down from the plane, Jian Zeng, who wore a business suit, told us: "Medog County can now be reached by car!"

Medog used to be the only county in Tibet not accessible by car. Two years ago, Jian Zeng walked nearly two weeks from his county to Lhasa to catch a plane to Beijing to attend the Fifth Session of the Seventh NPC, but because of the rugged terrains he missed the plane, and his belated arrival made him a figure in the news. For this reason, many deputies forwarded a motion at that session that all counties in China must be accessible by highways. This wish has eventually materialized.

Although Jian Zeng is only 39, he has served as deputy to two NPC sessions. He said: "I am particularly excited to be in Beijing today. People in my county asked me to deliver a message of thanks to the government for its concern and support. From now on, people in Medog have a way leading them to become well off."

The Medog highway was a regret in China's communications history. The state attached great importance to the highway's construction and invested more than 35 million yuan in building it in mountainous areas. The highway was eventually completed and opened to traffic on 1 February. During the construction, dozens of road builders gave up their precious lives and nearly 100 workers have been disabled.

According to Jian Zeng, people in Medog cannot wait to open shops along the new highway. He added that people in the county are working on projects of setting up village and town enterprises, and that the local people's per capita income has now reached 800 yuan.

Bai Zen is one of the two female deputies of the Tibetan delegation. Speaking on changes in Tibet, she said no changes can be greater than the change in people's minds. Along with the establishment of the market economy, she said, the "roof of the world" has also opened its door. Even women who used to stay home all the time have become a main force in economic construction by setting up stores and restaurants and even doing business in coastal areas in southeast China.

As the principal of the No. 1 Lhasa Primary School, she said she is proud that boys and girls in Tibet now have the same opportunity to receive education. She said that half of her school's pupils are girls and 90 percent of the teachers are female.

Pingcuo is the only deputy representing the Moinba nationality—a people with the smallest population in China. He said that none of his ancestors had ever

thought of coming to Beijing to take part in state affairs discussions like he has. He said: Although the old Tibetan Government "Garsa" (parliament) also met once a year, serfs did not have any rights to express their views at all! Today, we and people of the other 55 nationalities have become the masters of our country and we have our own seats at the NPC where we can take part in state affairs discussion.

Pingcuo, who has put on a brand new Tibetan gown, said: Tibetan delegation members have carried with them the wish shared by the more than 2.6 million Tibetan people, namely working with people of all nationalities in the country to achieve a better life and head for prosperity together through developing the economy.

Before coming to Beijing, the Tibetan deputies had extensively solicited the views of people in all quarters, and they are ready to forward 15 proposals with regard to how to develop Tibet's economy and revitalize its agriculture and animal husbandry.

#### **Tibet Deputies Describe Region's Economic Progress**

OW1203080594 Beijing XINHUA in English 0716  
GMT 12 Mar 94

[Text] Beijing, March 12 (XINHUA)—The Tibet Autonomous Region made marked progress in economic development in 1993, described as a "landmark year" by deputies from the region to the Eighth National People's Congress (NPC).

At the ongoing session of NPC, China's top legislature, the deputies said that last year the region's gross domestic product amounted to 3.2 billion yuan, a 9.6 percent growth over the previous year;

The region reaped a record harvest of 620,000 tons of grain;

Rural enterprises turned out more than 100 million yuan worth of products, up 14.9 percent over 1992;

Exports surpassed the 100 million U.S. dollar mark, up 55.4 percent;

The per capita income of farmers and herdsmen reached 515 yuan, 30 yuan more than in the previous year.

Although some of the growth rates were lower than national averages, the achievements showed a great step forward for the region on the world roof, according to the deputies.

Before the peaceful liberation of Tibet in 1951, modern industry was nonexistent in the region. Today, Tibet boasts a dozen industries and 100 product lines, ranging from electric power, coal, chemicals to machinery. Its power generating capacity alone has reached 170,000 kw.

The infrastructure in the region is also fast improving. Deputy Gyainzim from Medog, the last county in Tibet to have access to a highway, cited the recent completion of a highway leading to his county.

To date, a 22,000 km highway network covers the region's 74 cities, prefectures and counties.

A satellite communications network has also been set up in the region, with satellite ground stations built in most areas and international program-controlled telephone switches in some counties and cities connected with the world network. As a result, herdsmen in out-lying grasslands can watch television and make direct-dial international telephone calls.

Expansion of the Gonggar Airport in Lhasa, the regional capital, has been completed and another airport is being built.

Living standards of Tibetans have improved remarkably. Television sets, washers, stereo equipment and other durable consumer goods can be found in many herdsmen's homes. Some are even able to afford cellular phones.

The region is opening wider to the outside world. Last year the region received 23,000 overseas tourists.

Rapid economic development has not only brought benefits to the 2.6 million residents in Tibet but also guaranteed social stability and unity among all nationalities in the region.

Yang Chuantang, vice-chairman of the regional government, attributed the achievements to support from the party, the central government and other parts of the country, to reform and the open policy, and to hard work by the people of Tibet.

In line with the national goal to establish a market economy, the region has blueprinted its own development, according to Yang.

By 1997, the region's gross domestic product will reach 4.8 billion yuan, he said.

#### **Hu Jintao Joins Discussion with Tibet Delegates**

OW1103215394 Beijing XINHUA Domestic Service in Chinese 1522 GMT 11 Mar 94

[By reporter Liu Haimin (0491 3189 3046)]

[Text] Beijing, 11 Mar (XINHUA)—In a group discussion of the government work report with delegates from Tibet, Hu Jintao, member of the Standing Committee of the CPC Central Committee Political Bureau and secretary of the CPC Central Committee Secretariat, said: Only by gaining a clear understanding of the situation, keeping overall interests in mind, uniting as one, and working in a down-to-earth manner can we constantly push the cause of reform and construction forward. He firmly believed that Tibet will be better off tomorrow.

Having attentively listened to delegates' remarks, Hu Jintao noted: This year is an important year for deepening reform and stepping up development; we must accelerate the establishment of a socialist market economic structure under the condition of a high-speed economic growth and strive to achieve sustained, rapid, and healthy economic development while changing enterprise operating mechanisms. Currently, we are under a good situation, shouldering heavy responsibilities, facing many difficulties, and having a bright future. He stressed: The CPC Central Committee has scientifically analyzed the current situation, definitely set "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability" as the overall interests of the entire party and the whole nation, and demanded that all kinds of work be subordinated to and serve the overall interests. We must gain a clear understanding of the situation, keep overall interests in mind, unite as one, and work in a down-to-earth manner. We should not only press forward in the face of difficulties—steadfastly and constantly push the cause of reform and construction forward—but also judge the hour and size up the situation and study and resolve contradictions and problems cropping up in the course of progress with a sober mind.

Hu Jintao said: Development and stability are two major issues for Tibet's work. The establishment of a socialist market economic structure has brought Tibet new opportunities for economic development; in the meantime, however, some new conditions and problems have surfaced too. In face of the new situation, we should further emancipate the mind and guide Tibet's economic development with new concepts and thinking that are suited to a socialist market economy. We should firmly keep Tibet's special conditions in mind, consider the reality in Tibet in approaching all problems and doing everything, and make Tibet's stability and economic development, as well as the pursuit of interests of various nationalities in Tibet, the starting point and standpoint of our work. We should continuously carry forward the spirit of self-reliance and hard struggle, do a solid job, and fulfill all sorts of work.

Hu Jintao concluded: The CPC Central Committee and the State Council have always attached great importance to Tibet's work and shown concern over people of various nationalities in Tibet. Since reform and open policies were launched, the CPC Central Committee and the State Council have adopted a series of special policies and flexible measures for Tibet, which have favorably promoted economic development and social progress in Tibet and are well received and supported by people in Tibet. In the course of developing a socialist market economy, the CPC Central Committee and the State Council will continue to pay attention to and show concern for Tibet as usual. We believe that with the correct leadership of the CPC Central Committee, vigorous support of other fraternal provinces and regions, and the concerted efforts and hard struggle of various nationalities in Tibet, Tibet will be better off tomorrow.

### Hezhen Nationality Representative Attends NPC

OW1403090694 Beijing XINHUA in English 0829  
GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—A 53-year-old deputy to the National People's Congress (NPC) attracts attention for his manner, alertness, busy schedule and unique clothing style in the Heilongjiang provincial delegation of NPC deputies who are here attending the ongoing NPC session.

The deputy is You Yuzhuo. Clad in a green side-buttoned coat with black cloud-pattern neckband, he attends meetings by day, and reads documents, writes suggestions or prepares speeches by night.

You is the only representative of Hezhen nationality, one of the smallest ethnic groups in China.

All the 55 minority nationalities in China have their own deputies to the NPC, who add up to 439 among a total of 2,980.

The Hui people, who scatter throughout the country and rank second only to Zhuang in terms of population, have 66 deputies, taking the first place; and 29 ethnic groups with small populations each have one deputy.

At a recent discussion on Premier Li Peng's government work report, you was the first to speak. He said, "the government work report says reform and opening up is a driving force for development. Changes of the Hezhen nationality in recent years have borne this out."

Hezhen has always been the smallest ethnic group in China. Mainly inhabiting banks of the Heilongjiang, Songhua and Usuri rivers in northeast China, Hezhen people used to live on fishing, dwelled in cellars and were clad in fish skin.

When New China was founded in 1949, Hezhen stood at the brink of extinction with a population of only 300. Though Hezhen people still engage in fisheries, modern fishing gears and motor boats have replaced fish forks. In addition, some Hezhens engage in farming and industries. Its population has jumped to over 4,000.

"The biggest change is a wider horizon for the Hezhen people, brought about by reform and the open policy," You noted.

"Hezhens did not know what market was in the past. Today, they have opened shops and hotels and even set up a Hezhen-cuisine restaurant in Russia," he added.

You was the first teacher of Hezhen nationality and now serves as the principal of a rural primary school. His talks show that he is not only familiar with his people and home town, but also has a good understanding of state affairs.

Asked how he gets all the information he needs as a deputy, he said he subscribes to a dozen newspapers and magazines and keeps watching TV news programs of



both central and local TV stations. Moreover, the general office of the NPC Standing Committee and relevant departments of Heilongjiang Province and Tongjiang City mail him documents, draft laws and decrees and decisions of standing committees of people's congresses at various levels.

Since he was elected deputy to NPC last year, You have participated in three inspection tours. He is known for his "bold airing of views."

When the local township government withheld teachers' wages for four months last year, You reported the case to the city government, which solved the problem soon.

Just before coming to Beijing to attend the current NPC session, you solicited opinions in local villages, townships and Tongjiang City. He plans to put forward suggestions on constructing local railways and improving educational conditions for Hezhen people.

As a teacher, You regards education as the hope for his people. His wife, three daughters, and two sons-in-law are also teachers.

#### **NPC Deputy on Xiamen Local Legislative Power**

OW1403082794 Beijing XINHUA in English 0744  
GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—Xiamen City in Fujian Province has made thorough preparations for local legislation since the province's deputies to the National People's Congress (NPC) put forward a proposal in this regard in 1989.

Zhang Binsheng, vice-chairman of the provincial people's congress standing committee, made the remark in an interview with XINHUA today.

The current session of NPC will examine a decision on empowering the Xiamen Municipal People's Congress and its standing committee and Xiamen Municipal Government with the power to enact laws and regulations for enforcement in the Xiamen Special Economic Zone, which was established in 1980.

The Shenzhen Special Economic Zone bordering on Hong Kong was given the power to enact local laws in 1992.

Zhang said that in 1989 and 1993, respectively, 30 NPC deputies from Fujian Province raised a proposal to NPC on granting Xiamen local legislative power, which was put on the agenda of the NPC Standing Committee.

Some special economic policies are being implemented in special economic zones, but if no corresponding laws and regulations are formulated to confirm them, their authority and credibility will be in doubt, Zhang said.

Though the provincial people's congress standing committee has enacted a raft of economic laws and regulations for the start-off of the Xiamen Special Economic

Zone since 1981, red tape and other problems have dragged legislative progress far behind the development of the zone.

As its preparations for having legislative powers, Zhang said, Xiamen has been formulating long-term and yearly plans for local legislation and conducted a great number of social surveys.

Xiamen has drafted eight regulations, which have been enacted by the provincial people's congress standing committee.

Legislative power is important to Xiamen also because it can serve as a pilot area for formulating laws and regulations governing economic, civil and legal affairs between the mainland and Taiwan, according to Zhang.

Xiamen, facing Taiwan across the Taiwan Strait, is one of the areas with the largest concentration of Taiwan investment and with the largest number of Taiwan visitors. As a result, disputes concerning economy, investment, marriage and property inheritance, and sea and air piracy have cropped up in recent years. This situation calls for urgent legislation of relevant laws and regulations, he said.

#### **Northwest Concerned About Exodus of Professionals**

OW1403074794 Beijing XINHUA in English 0654  
GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—Deputies from underdeveloped northwest China to the National People's Congress (NPC) expressed concern over a continuous exodus of its professionals to east China.

The deputies, who are here attending the second NPC session, agreed that in recent years, talent loss has adversely affected economic growth in their respective regions and further widened the development gap between China's east and west.

Government statistics show that every year thousands of professionals move out of northwest China, which covers Gansu, Shaanxi and Qinghai Provinces, the Xinjiang Uygur Autonomous Region and the Ningxia Hui Autonomous Region.

For example, 10,000 scientists and technicians have left Qinghai province over the past six years. Moreover, the exodus has been increasing at an annual rate of 27 percent.

The deputies aired their views on how to solve the problem.

Zhang Wule, acting Gansu provincial governor, said, "I think, in the final analysis, market competition means competition for professionals and for scientific and technological progress."

The exodus of professionals, he said, makes it very hard for west China, inhabited largely by ethnic minority

people, to develop its rich natural resources, improve the competitiveness of locally-produced goods and eliminate poverty.

Solution for the problem lies in changing the concept of managing professionals and reforming the personnel managerial system, he said.

According to Zhang, it is imperative to formulate policies that will attract professionals to stay on.

Mamatjan Amet, commissioner of Yili Prefecture in Xinjiang, said that over the past two years 6,000 intellectuals have left Xinjiang and many more are ready to go.

He said this is due primarily to a widening of the economic and income gaps between the country's east and west.

He called for government officials in west China to pay greater attention to the well-being of intellectuals and do everything within their power to let the intellectuals make the best use of their talent.

According to Song Pengsheng, deputy director of the Qinghai Provincial Science and Technology Commission, one reason for the exodus is that intellectuals are not well respected in many parts of northwest China and that their working and living conditions are poor.

Wang Yu, a senior engineer from Ningxia, emphasized the importance of taking all "possible and feasible" measures to encourage professionals from elsewhere to move to northwest China.

Many other deputies agreed that, to solve the problem of professionals leaving for east China, the state should provide additional policy and financial support to northwest China.

#### **Reports on Luo Gan, Li Lanqing at NPC, CPPCC Sessions**

*OW1403072594 Beijing XINHUA Domestic Service in Chinese 0137 GMT 13 Mar 94*

[By XINHUA correspondent Zhang Jinsheng (1728 6930 0524)]

[Excerpt] Beijing, 13 Mar (XINHUA)—[Passage omitted]

#### **Luo Gan Happily Invites Buddhist Abbot To Sit in the Front Row**

Luo Gan, secretary general of the State Council and NPC deputy elected from Henan Province, took part in a group discussion of the NPC session and noticed something soon after sitting down. He stood and warmly spoke to Shi Haifa, abbot of Luoyang's Baima Temple: "Please come sit in the front row!" When the abbot, who is over 70 years old and wore a patchwork outer vestment, sat down in the front row, Li Changchun, secretary of the Henan Provincial CPC Committee, stated to

clinch the point: "Comrade Luo Gan is in charge of religious affairs in the State Council. This is a concrete demonstration of how he has attached importance to religious affairs!"

When it was time for NPC deputies from Henan to express their views, the deputies vied with each other to speak first. Li Changchun held up his hand and said: "Please, let the abbot speak first, for people of religious circles have priority!" Shi Haifa then expressed his opinions on refurbishing scenic spots and developing tourist resources in Henan.

#### **Make a "Report" to Vice Premier Li**

When Vice Premier Li Lanqing took part in a group discussion, Director Hao Yanzhong of China No. 2 Grinding Wheel Plant began to speak. His first sentence was: "Let me report to Vice Premier Li first!"

In the last year's NPC session, Li Lanqing had asked Director Hao: "Can your plant earn more than \$10 million in foreign exchange in 1993?" Director Hao expressed his firm confidence at that time. Through hard work by staff members and workers of the entire plant, the plant's foreign exchange earnings increased from \$8.25 million in 1992 to \$10.86 million in 1994. After hearing his report, Vice Premier Li said with a smile: "Very well! However, you have merely accomplished your goal. Please work harder this year!" [passage omitted]

#### **Zou Jiahua, Other Leaders Speak at Group Discussions**

*OW1403040394 Beijing XINHUA Domestic Service in Chinese 1434 GMT 12 Mar 94*

[Text] Beijing, 12 Mar (XINHUA)—Deputies attending the Second Session of the 12th National People's Congress [NPC] continued group discussions of Premier Li Peng's "Government Work Report" today, expressing their in-depth views on ways to deal with relations among reform, development, and stability; and to ensure that the three will promote each other and develop in coordination.

This year is crucial to China's reform and development process. Many deputies explained from both theoretical and practical perspectives, the great significance of handling relations among reform, develop, and stability well. Deputies who are leading comrades of the CPC Central Committee and State Council took part in the discussions and deliberations of their respective delegations. Speaking at a meeting of the Sichuan delegation, Vice Premier Zou Jiahua pointed out that each country and region has its own laws governing economic development, and it is necessary to guide our work according to economic laws and to uncover the path to sustained, rapid, and healthy development of the economy. He noted that contradictions will emerge if economic development goes beyond the available conditions and foundation. He emphasized the need to control inflation to

safeguard social stability. Speaking at the Henan delegation's group discussion, Vice Premier Li Lanqing also expressed deep concern about the impact of reform on commodity prices. He called for using laws and regulations as well as economic and administrative measures to carry out the work of controlling commodity prices within ranges tolerable to the masses. State Councillor Li Tieying took part in the Jilin delegation's discussion. He said: This year is crucial to reform. Reform will inevitably generate new developments and problems. We must follow closely, investigate and study, and earnestly review our experiences. Fundamentally speaking, reform represents the interests of the masses of people. We must trust and rely on the masses, and successfully guide and protect their reform initiatives. Comrade Ding Guangen took part in the Shaanxi delegation's discussion and deliberation.

Deputies from the People's Liberation Army delegation indicated: The "Government Work Report" explains the relations among reform, development, and stability in a way that shows our party and government understands more profoundly the laws governing socialist construction, possesses clearer ideas about deepening reform, and will formulate more prudent principles and policies.

Jia Qinglin, as a deputy from Fujian, said: The course of reform and opening up in the last decade and more shows that our cause advances whenever relations among reform, development, and stability are handled well, and tumbles or even suffers setbacks when relations are handled incorrectly. Properly grasping the "extent" of reform, development, and stability, and handling their relations well by using a little more dialectics, leadership arts, and by exercising high-standards of leadership, are a major task and severe test facing leaders at various levels in the new situation.

Deputies discussed how, on the basis of unified understanding and in light of reality in various regions and departments, to proceed from the general interests of party and state work to maintain a balance and mutual promotion among reform, development, and stability. Xie Fei, as a deputy from Guangdong, said: In practical work, first we must seize the opportunity to deepen reform, open ourselves wider to the outside world, and exert efforts to implement the series of reform measures adopted by the state well. At the same time, we must make full use of Guangdong's advantages to raise the level and increase the scope of opening. Second, we must seize the opportunity to develop the economy, put emphasis on developing high and new technology industries, and maintain a steady growth in agriculture. Third, we must strengthen unity, maintain stability, keep ourselves sober-minded, and carry out our work before problems occur, and promptly remove destabilizing factors.

Zhao Zhihao, as a deputy from Shandong, pointed out: The reform measures announced this year will fairly significantly change the interest distribution pattern in society. On top of this, the operation of the new structure

requires a link-up and coordination process. As a result, the impact on the entire economic operation will be greater than in past years. By the same token, its effect and demand on social stability are more salient than in the past. This requires us not to set excessively high targets in the pace of development to avoid over-strained relations between various economic sectors, and thereby affect reform and stability. In announcing reform measures, we must pay close attention to timing, intensity, and supportability to avoid affecting the normal operation of the economy and creating shockwaves in society. With respect to social stability, we must emphasize integration between control in accordance with the law and education to resolve all kinds of contradictions and eliminate destabilizing factors.

Mao Zhiyong, as a deputy from Hunan, said: To correctly handle relations among reform, develop, and stability, we must grasp four key points in our work: First, we must further emancipate the mind, seek truth from facts, and use new ideas and measures compatible with the new situation of a socialist market economy to create a new phase in our work. Second, we must enhance our awareness of storming heavily fortified positions in reform and fight a successful battle to build a socialist market economy. Third, we must earnestly seize the development opportunity and promote development through improved economic returns. Four, we must foster both material, and cultural and ideological progress, attaching equal importance to both, and work hard to advance the building of socialist spiritual civilization.

#### **Guangdong Governor Voices Backing for Central Tax Reforms**

*HK1303064494 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 13 Mar 94 p 8*

[By Chris Yeung in Beijing]

[Text] Guangdong province, the most prosperous region in China, has thrown its weight behind politically sensitive tax reforms aimed at boosting central government coffers.

Speaking to more than 300 reporters in Beijing last night, provincial Governor Zhu Senlin dismissed suggestions the tax changes were a move to "re-centralise" financial power delegated to the regions. Instead, he said the taxsharing reforms would lay down the rules so "everybody knows what can be done." "It will spell out clearly the interest of the central government and the regions through the setting up of a system," he said.

Mr. Zhu's defence of the reforms comes at a time when Guangdong is experiencing a dramatic surge in tax revenue. The reforms were introduced on January 1. Mr. Zhu revealed that in the first two months of this year, tax returns swelled to 4.15 billion yuan (HK\$3.7 billion)—up nearly 60 per cent on the same period last year.



Industry and commerce tax takings have reached 3.4 billion yuan, representing a 59.2 per cent increase over the corresponding period last year. Total industrial output has grown by 19.8 per cent to 5.48 billion yuan.

"Fears that the new tax measures will dampen the enthusiasm of all sectors are totally unnecessary. Guangdong fully supports the tax-sharing system," Mr. Zhu said. Echoing Beijing policy, the Guangdong chief said the reforms would give central authorities greater "macrocontrol" over the economy, enabling them to make adjustments on a national scale when necessary.

Mr. Zhu said the central treasury's share of the total national revenue was "relatively low". "Regions should make contributions to guarantee the expenditure and the normal operation of the central government," he said.

The governor dismissed suggestions the surge in tax revenue for the January/February period reflected moves by the province to increase taxation. He attributed the increase to more stringent efforts to collect tax, adding that lax collection techniques in the past had led to many loopholes and much tax avoidance.

"We will levy tax in strict accordance with the law....Generally speaking, the new tax levy will not increase the burden on enterprises."

While drawing a rosy picture of the development of Guangdong, Mr. Zhu indicated a spate of long-term problems needed to be solved. These included the differences in economic growth between regions, the backwardness of infrastructure, development of spiritual civilisation, and efforts to crack down on crimes and social evils.

"We should also pay great attention to agriculture, particularly the supply of grain, price surges and law and order," he said.

On patriarch Deng Xiaoping's demand that China create several more Hong Kongs on the mainland, Mr. Zhu said a worker conference on the development of Special Economic Zones (SEZs) held recently in Zuhai had further discussed the idea. "Mainland provinces have expressed a lot of interest in building a Hong Kong in their own regions but no decision has been taken by the central government.

"We do believe the most qualified ones will be the existing SEZs. They have already adopted some international practices and can easily be integrated with other parts of the world."

Shenzhen Mayor Li You-wei said the zone would speed up its development in the next decade to help bridge the gap in development between the border cities and Hong Kong.

This was especially important in the lead up to the 1997 transfer, he said.

## Rong Yiren Participates in Shanghai Delegation's Discussion

OW1303054794 Beijing XINHUA Domestic Service in Chinese 0935 GMT 12 Mar 94

[By XINHUA reporter Li Anding (2621 1344 1353)]

[Text] Beijing, 12 March (XINHUA)—As cameras flashed, sending dazzling lights, Deputy Rong Yiren spoke with exuberant emotions: "This year's people's congress is particularly meaningful to me." The highly venerated vice president of the state revealed some of his "personal history" to fellow deputies: "The National People's Congress [NPC] has been established for 40 years, and I have also served for 40 years as a people's deputy since Premier Zhou Enlai invited me to Beijing to attend the congress for the first time. It is safe to say that I am a witness to New China's socialist democracy and legal construction."

Rong Yiren made these emotional remarks when he, with President Jiang Zemin, joined the Shanghai NPC delegation's discussion of the government work report on the afternoon of 11 March. He recalled: "Democracy and the legal system have steadily developed since the founding of New China. The development was interrupted for a while during the 10-year turmoil. However, since the end of the 'Cultural Revolution,' our democracy has continued to improve and develop, and our legal system has been steadily enhanced and strengthened. Our democracy is compatible with our national conditions. We must unswervingly adhere to the path of building socialism with Chinese characteristics."

The senior NPC deputy earnestly remarked: "China is still a developing country, and its national strength is still not strong enough. Everyone should work hard to build up the country and improve the people's livelihood. However, some developments merit our attention—developments such as excessive extravagance and waste, refusal to stress the spirit of plain living and hard struggle in economic construction, and the principle of building the country through thrift and diligence."

At the beginning of reform and opening up, Rong Yiren, entrusted by central leading comrades, founded the China International Trust and Investment Corporation. The company, which took the lead in linking China with the international economy, helped acquire a good image for China's opening up and raised large sums of money for its socialist construction. He said yesterday: "China has 1.2 billion people. If everyone saves 10 yuan, there will be 12 billion yuan. The reason that today some countries dare to criticize us and interfere in our internal affairs is, to put it bluntly, we are still not rich and powerful. We must work with one heart and one mind and make arduous efforts to make China strong and prosperous."

His forceful words were received with thunderous applause from Jiang Zemin and other deputies from Shanghai. The applause symbolized their respect and approval.

### Shanghai Leaders Back Macrocontrol Measures

OW1303034094 Beijing XINHUA in English 0226  
GMT 13 Mar 94

[Text] Beijing, March 13 (XINHUA)—Wu Bangguo, the party chief of Shanghai, today expressed full support for macroeconomic control measures taken by the central government.

Wu said a growth rate of nine percent for the national economy in 1994 set in the government work report delivered by premier Li Peng is both "positive and appropriate."

A four percentage points markdown from last year's 13 percent growth is "very necessary" because it will help balance total supply and demand and ease the pressure on "bottleneck" sectors of the economy, said Wu, who is here attending the annual session of the National People's Congress.

It will also create a relaxed environment for promoting economic restructuring.

"I think that, from a long-term point of view, it is conducive to the achievement of a sustained, rapid and sound development of the national economy," he noted.

"Shanghai will, as always, implement macroeconomic control measures taken by the central authorities," he added.

Wu Bangguo also expressed Shanghai's support for the establishment of a national tax assignment system.

Shanghai will try to contribute more to state coffers every year on the basis of economic growth, he said.

Shanghai Mayor Huang Ju expressed appreciation of the central government's repeated statement that its policies on the city's Pudong New Area and on Shanghai paying back its own foreign debt will remain unchanged.

This shows that, while pushing ahead with reforms, the central authorities have taken into account local interests and needs for further economic expansion.

The mayor pledged to improve Shanghai's economic performance by following guidelines for achieving a sustained, rapid and sound economic development.

"Meanwhile, we will continue to speed up readjustment of Shanghai's industrial structure," he said.

At the end of 1993, the service sector accounted for 38 percent of Shanghai's gross domestic product and the ratio is expected to grow by two percent this year, he said.

Huang Ju predicted that the ratio will rise further to 45 percent by the end of this century.

Shanghai's imports and exports shot up 20 percent in the first two months of 1994 over the same previous period, a record growth in the past 10-plus years, he said.

### Deputies Stress Overall Task in Work Report

OW1203212894 Beijing XINHUA Domestic Service in Chinese 1527 GMT 11 Mar 94

[Text] Beijing, 11 Mar (XINHUA)—More than 2,000 deputies to the second session of the Eighth National People's Congress [NPC] began group discussions of Premier Li Peng's "Government Work Report" yesterday afternoon. The central topic of their discussions was how to focus on, serve, and submit to the overall task of "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability," which was proposed by the CPC Central Committee and expounded in the report.

At a crucial moment when our country is promoting package reform with breakthroughs in key areas and is accelerating the pace of building a socialist market economic system, the deputies, who are in Beijing to attend the NPC session, were aware of their heavy responsibilities. Lively discussions were going on in all meeting rooms, with the deputies focusing on deliberating the "Government Work Report" as they bore in mind the many problems specific to the grass-roots level. The discussions were in-depth from the outset as the deputies did away with pleasantries. Deputy Cheng Weigao from Hebei maintained: The report gives us a feeling that the party Central Committee and the State Council are so firmly committed to deepening reform and to advancing the process of building a socialist market economic system, that they completely foresee difficulties and obstacles that may arise on the way ahead, and that they can take steps to solve problems while the latter are still in their infancy. He went on to express his views on the question of deepening reform as part of the overall task. He observed: If we fail to tackle key aspects of reform this year, we cannot proceed on all fronts; if we fail to proceed on all fronts coordinately, it will be difficult to establish a new system. Successful reform requires efforts to 1) conduct proper propaganda on reform, correctly guide public opinion on reform, and carry out ideological and political work among cadres and people; 2) pay due attention to coordinating the reform process; 3) solve thorny and key problems relating to enterprise reform and commodity prices; and 4) pay attention to constantly deepening and improving reform. He said: Enterprise reform is the most important and crucial part of the effort to deepen reform; its success or failure is the major criterion for judging the success or failure of reform as a whole. We should make enterprise reform the focus and crux of all reforms. Reform is the driving force, development is the goal, and stability is the prerequisite. Without stability, reform

cannot succeed and it is impossible to pursue development. In closing, he said confidently: This year's reform is bound to succeed, the economy will surely develop, and social stability is bound to prevail if we focus on the overall task of the entire party and country and proceed in accordance with the principles and tasks spelled out in the report. We are fully confident of this prospect.

Deputy He Zhukang from Jilin maintained: We must proceed from an overall point of view; understand and handle all aspects of the relationship between reform, development, stability, and others; and improve the levels of integration and coordination in reform and development. On the other hand, the various problems and difficulties we currently encounter in reform and development are certain deep-seated contradictions which require us to highlight key areas and achieve breakthroughs in those areas while increasing the level of integration and coordination. He said: This particular point is explained very well in the "Government Work Report." On the question of work guidelines, the report focuses on the overall task of the entire party and country in seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability. It dialectically links up reform, development, and stability, and the resultant idea permeates the entire report. On the pace of reform, the report gives prominence to reform of the enterprise system, as well as reform of the financial, taxation, banking, and price management systems, thereby integrating efforts to establish principal competitors in the market and to invigorate microeconomic activity with those aimed at improving macroeconomic management and at setting stricter standards for market activity. This constitutes a concrete plan for implementing the decision of the Third Plenary Session of the 14th CPC Central Committee and for building a socialist market economic system. On the question of socialist modernization, the report takes economic construction as the central task. It makes comprehensive plans for building a socialist market economic system, as well as for promoting socialist democracy and a socialist legal system. It makes wide-ranging arrangements for both socialist material and spiritual civilizations. This makes it possible to apply our country's concept of modernization to our work plans more completely and in a more balanced manner. On economic development, the report emphasizes the status of agriculture as the foundation of the national economy, restrictive factors that have a great impact on the national economy such as enterprises' economic returns and the investment structure, and the fundamental goal of improving the living standards. This reflects deep concern about improving the general quality of the national economy.

The deputies enthusiastically discussed the issue of how to focus on, serve, and submit to the overall task. Deputy Yao Minxue from Ningxia forwarded four viewpoints: First, it is necessary to base the job of solving problems and handling various contradictions of the overall task and to understand and attach utmost importance to the

task. The overall task is to uphold economic construction as the center, seize opportunities, deepen reforms, widen opening up, promote development, and maintain stability with the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line. In addition, it is necessary to unite more closely around the party Central Committee with Comrade Jiang Zemin as the core as well as more conscientiously safeguard the State Council's authority to ensure the smooth implementation of administrative orders. Second, it is necessary to safeguard stability. As we cannot do anything at all without social and political stability, we must strive to safeguard stability. Speaking on Ningxia, the crux lies in strengthening the unity of Hui, Han, and other nationalities. Further, we must encourage them to cleave to each other and advance through thick and thin. Third, we must uphold the principle of grasping two links [grasping economic development and socialist spiritual modernization simultaneously] and taking stern measures in tackling both. In the course of reform, opening up, and modernization, it is necessary to effectively tackle spiritual civilization, strengthen ideological work among the people, enhance understanding, eliminate suspicions, regulate sentiment, remove contradictions, readjust relations, and enhance the spirit to mobilize all forces for the great undertakings of the four modernizations. Fourth, it is necessary to do practical work. We should give our best instead of doing superficial work; speak the truth instead of engaging in empty talk; and work for practical, instead of fabricated results. We should do genuine, solid, and practical work to effectively implement this session's guidelines.

Deputy Li Qiyang from Beijing said: The "Government Work Report" stressed that we must focus on, serve, and submit to the overall task in various undertakings. This should be a principle we must steadfastly implement. He said: Looking from the point of development, we should pay special attention to several issues that concern the overall task: 1) agriculture; 2) changing the operating mechanism of state-owned large- and medium-sized enterprises; 3) maintaining stable commodity prices; 4) upgrading the people's living standards; and 5) safeguarding social stability. We must attach great importance to these issues that concern the overall task.

Deputy Bai Qingcai from Shaanxi maintained: For a province to focus on, serve, and submit to the overall task means that in solving problems and undertaking jobs, it should first correctly identify its position in the overall task. Under the prerequisite of focussing on, serving, and submitting to the overall task, it should maintain coordinated development with the overall task. Serving the overall task is inseparable from stability. It is of vital importance to properly handle the relationship among reform, development, and stability. We should adopt a realistic and practical approach to thoroughly implement the intentions of the central authorities in every task. We should do practical work and effectively nurture and bring into play the people's enthusiasm.



Deputy Hui Liangyu from Hubei maintained: To focus on, serve, and submit to the overall task, it is necessary to pay special attention to solving the following five problems: First, we should upgrade economic efficiency by ways and means and should not blindly pursue output value, growth rate, and scales. Second, we should, through deepened reform, establish a modern enterprise system to truly bring enterprises to life. Third, we should further adjust and optimize the economic structure and focus on solving the "bottle-neck" that restricts national economic development. Fourth, we should attach great importance to agriculture and peasants' problems. He said: Agriculture is a sector that will bring about peace to the country. It is a sector that involves many people and has a relatively large social benefit. It is also a relatively fragile sector. We must not overlook our work for the rural areas and peasants' interests. Fifth, we should adopt realistic measures to safeguard social stability.

Deputy Tian Chengping from Qinghai maintained: To achieve the goal of focussing on, serving, and submitting to the overall task, we should first forge a uniform understanding. He said: In recent years, the pace of China's reform and construction has quickened and the national economy has developed rapidly. However, some problems have also emerged during progress. An important reason for the emergence of these problems is due to the lack of unanimity in our understanding. The good results obtained in macroeconomic regulation and control last year were due to better uniformity in our understanding. Problems can be solved only if everyone from top to bottom uniform their understanding. He said that Qinghai people supported the policies of the party Central Committee and the State Council. They will definitely implement well various tasks with uniform understanding.

With reference to specific work, Deputy Yue Qifeng from Liaoning pointed out: When seeking understanding on the issue of focussing on and submitting to the overall task, it is necessary to emancipate minds, do practical work while seeking truth, and work innovatively. It is necessary to give prominence to reform and uphold the advocacy "development is the last word," and correctly regulate the relationship among reform, development, and stability to maintain social stability. We should effectively run state-owned large- and medium-sized enterprises and strongly nurture new economic growth points. In particular, we should support leading spots in economic development so as to maintain a sustained, rapid, and healthy development of the national economy.

Persons in charge of the State Council's various departments observed the group meetings yesterday and today to hear deputies' opinions and to answer their queries.

## **Beijing Radio Calls for Paying More Heed to Overall Task**

*OW1203203394 Beijing Central People's Radio Network in Mandarin 2230 GMT 11 Mar 94*

[Commentary by station reporters Yao Dongming and Song Yongkuan: "The Overall Task—A Matter of Importance"—from the "News and Press Review" program]

[Text] With the advent of the spring breeze, the yearly twin sessions of the National People's Congress [NPC] and the National Committee of the Chinese People's Political Consultative Conference [CPPCC] are upon us again. The first topic among many NPC deputies and CPPCC members is the overall task. They believe that it is urgent to promote—among people across the country and cadres at all levels in particular—the idea of caring for and having the overall interest in mind. What is this overall task? It is the prosperity of our great country and the unceasing progress of the Chinese Nation. Seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability—this is the overall task today for the whole country and whole party.

While examining and discussing the report on government work, the NPC deputies and CPPCC members commented: Memorizing these phrases does not mean one understands what the overall task is. The key is that cadres at various levels must conscientiously subordinate themselves to this overall task in thinking and in action. The measures they devise should be conducive to this overall task and the steps they take must serve this overall task. When partial interest stands in the way of the overall interest, they must voluntarily give up partial interest in favor of overall interests.

NPC deputies and CPPCC members cited a wide array of irregularities in the localities that harm overall interest. For example, some localities always try to get around the strictures of the central government. When the central government was trying to consolidate order in the banking sector, the localities continued their illegal raising of investment; while the central government was calling for reducing the scale of capital construction, they continued building office buildings, auditoriums, and guesthouses; when the central government was calling for preventing the real estate sector from overheating, they claimed that there was no heating in their localities. Other manifestations include haphazard importation, duplication in construction, misguided competition in disregard of one's capabilities, rushing to launch new projects without careful study, and so forth. Some of these actions may yield short-term benefits but will, in the long run, be harmful to the state and people.

The existence of these phenomena indicates that in our effort to accelerate the transition from a planned economy to a market one, lack of understanding and experience and a mistaken standpoint can often lead to

misguided actions. A sense of the overall task is especially important at a time like this. A man's understanding can be improved step by step and experience can be accumulated bit by bit, but he must first have a sense of the overall interest.

This year, we will be combining package reform with breakthroughs in key areas, a crucial year for all-round deepening of reform. Reform will unearth many deep-rooted contradictions. NPC deputies and CPPCC members held that the overall tasks requires us to properly handle the relations between reform, development, and stability.

He Zhukang, a deputy from Jilin, said: Only by persistently implementing reform and promoting development will we be able to lay a foundation for the long-term social stability and state order. To promote reform and development, we must have a stable social environment. Reform is aimed at unleashing the motive force, development is our goal, and stability is the precondition. This year we will be placing greater efforts on carrying out reform and new contradictions and problems are bound to emerge. To ensure smooth implementation of reform, we must subordinate ourselves to overall interests and ensure that regional growth rates will be appropriate and steady.

Referring to the policy of macroeconomic regulation and control adopted by the central authorities last year, Jiangsu Deputy Shen Daren said with feeling: This policy was adopted for the interest of the overall situation. It has created a favorable overall environment for regional development and helped bring along healthy development of the regional economies. It is easy to see from the comments of the NPC deputies and CPPCC members that China is indeed faced with a rare historical opportunity in terms of the conditions at home and abroad. We must, however, be aware of the fact that we are advancing economic reform when the national economy is growing rapidly; we are required to maintain a sustained, rapid, and healthy growth of the national economy while accelerating structural transformation. Under these circumstances, it is essential to stress ideals, discipline, unity, and overall interest. We must be full of confidence yet have a clear head. Let us continue our conscientious, meticulous efforts in this regard and work in a down-to-earth manner to achieve new victories.

#### **Wu Bangguo, Huang Ju Call For Justifying Deng's Trust**

OW1203194394 Beijing XINHUA Domestic Service in Chinese 0748 GMT 12 Mar 94

[Article by XINHUA reporter Zheng Qingdong (6774 1987 2639): "Justify the Party Central Committee's Trust—the Aspirations of Shanghai's National People's Congress Deputies"—XINHUA headline]

[Excerpts] Beijing, 12 Mar (XINHUA)—The central authorities and people across the country entertain great expectations about Shanghai. Comrade Deng Xiaoping's

earnest exhortation to the people of Shanghai, in particular, has become one of the key topics of discussion among Shanghai's deputies to the National People's Congress during their deliberation of the government work report. Comrade Xiaoping made seven inspection trips to Shanghai to provide guidance over its work, devoting great energies to Shanghai's reform, opening up, and economic development. While spending this year's Spring Festival in Shanghai, Comrade Xiaoping said: "Shanghai has carried out its work very well; it has a unique quality and style. Shanghai is fully capable of moving at a faster pace." Deputy Huang Ju, mayor of Shanghai, was exultant when he told the reporter about this statement. In his words, "Shanghai's more than 14 million people were greatly inspired and felt more keenly their unprecedented historical responsibilities."

The pressures were never as great before; however, when these pressures are converted into a motive force, the results will be unprecedented. Deputy Huang Ju told the reporter excitedly: On the basis of market regulation, quality, and efficiency, Shanghai's total output of goods and services increased 14.9 percent last year, reaching 151 billion yuan and pulling ahead of the rest of the nation. Local financial revenue rose by as much as 30 percent, topping 24 billion yuan and outstripping, for the first time, the increase in the total output of goods and services. [passage omitted]

Deputy Wu Bangguo, Shanghai Municipal Party Committee secretary, told the reporter: "This year is decisive for Shanghai's goal of achieving significant changes in three years' time. The burden is heavy and the road is long." This remark can be described as an embodiment of the Shanghai people's common aspirations. "Shanghai is now full of opportunities and enjoys geographical advantages and public support. What is important is to work in a down-to-earth manner. Only by exerting maximum efforts to make maximum contributions can we justify the expectations of the party Central Committee and the State Council, the full support of people across the country, and Comrade Xiaoping's earnest and great trust."

#### **Agriculture Minister on Product Balance, Efficiency**

OW1203144294 Beijing XINHUA in English 1334 GMT 12 Mar 94

[Text] Beijing, March 12 (XINHUA)—Minister of Agriculture Liu Jiang said today that China has to readjust unbalanced product structure, raise efficiency of agriculture and greatly increase farmers' income this year, though the country saw a record grain output in 1993.

Addressing a press conference sponsored by the current session of the National People's Congress, Liu said that last year, output of cotton and sugar-bearing crops fell sharply because of natural disasters and poor management of product varieties in some areas of the country.

He said that inadequate macro regulations over the grain market, irrational farm crop structure, and many other factors fueled sharp price rises after grain price was set free late last year. This year the Ministry of Agriculture has sent three working teams to major rice producing areas to ensure an overall rational plantation structure in an attempt to keep the grain market stable.

Asked whether farmers' income has decreased, he said that the average income for farmers nationwide has not decreased. But he said that growth rate of farmers' income is relatively low comparing with that of their urban cousins.

He blamed it on the widening gap between prices of agricultural products and those of industrial products, and on the concentration on the sole business of planting, which cannot provide enough jobs for all workforce in rural areas.

According to Liu, the country has a rural workforce of 430 million. Among them, 50 million have left their homes to seek jobs elsewhere. And six million more come after them every year.

#### **Heilongjiang Governor Shao Qihui on Opening of Border Areas**

OW1203121894 Beijing XINHUA in English 1147  
GMT 12 Mar 94

[Text] Beijing, March 12 (XINHUA)—China's open policy has injected vitality into the economies of its border areas.

Deputies to the National People's Congress (NPC) expressed appreciation of Premier Li Peng's call for border areas to open wider in his government work report delivered at an NPC session Thursday [10 March].

Shao Qihui, provincial governor of Heilongjiang, which borders on Russia, said the opening of border areas has brought a historical development opportunity to the province located in the northeast Asia economic region.

Heilongjiang shares a 3,000-km-plus border with Russia. Since the adoption of the open policy, border trade has boomed between Heilongjiang and Russia, he said.

Last year, Heilongjiang-Russian border trade reached 2.6 billion Swiss francs, two-thirds of China's total border trade with Russia of that year, Shao said.

To further open up, the governor said, Heilongjiang will speed up the construction of an international trade route network, with priority given to completing railways and highways that go from the provincial capital of Harbin to Russia via the province's major border cities.

The province will also open up land-sea and river-sea transport routes and air routes to Europe and America.

Heilongjiang will also look for new markets and take an active part in economic cooperation in the northeast Asia economic region.

Shao said the province will encourage cities along the border to establish friendly and long-term cooperative ties with corresponding areas and cities in Russia.

Priority will also be gradually shifted to Sino-foreign economic and technical cooperation from traditional barter trade, the governor said.

#### **Hainan Governor Ruan Chongwu on Changing Government's Role**

OW1203094694 Beijing XINHUA in English 0845  
GMT 12 Mar 94

[Text] Beijing, March 12 (XINHUA)—The transformation of government functions is crucial to the establishment of a socialist market economic structure in China, according to Hainan Provincial Governor Ruan Chongwu.

Ruan, who is here attending the annual session of the National People's Congress, said that the Hainan Provincial authorities have asked local government leaders to devote more efforts and time to improving their duties of managing social affairs, in a bid to promote the creation of a market economy.

The island province of Hainan is also China's largest special economic zone, where special and flexible policies are being pursued to encourage investors from Hong Kong, Macao, Taiwan and overseas.

"Under the conditions of a market economy, manufacturers should be able to decide on their production according to market demand," the governor said.

Therefore, government departments must always follow this basic law of the market economy and should never interfere in normal commodity production and exchanges, he noted.

"We have taken a series of major measures to reduce government interference since the beginning of last year," he said.

For example, all check posts on roads in Hainan were removed last year, thus facilitating the free movement of commodities provincewide.

Moreover, all government-assigned tax supervisors in enterprises were recalled in 1993.

According to Ruan Chongwu, the government is duty-bound to create a fine environment for the effective operation of commodity markets, labor markets and production factor markets.

"Of course, market forces are not all-powerful," he said, "so the government must exercise necessary intervention in economic affairs."



The government must perform its duty of arousing the initiative of all sectors of society, and must coordinate and balance the interests among various sectors so as to protect the interests of society, he said.

Under a market economy, he said, the government must undertake major projects that are beneficial to the whole society but have low economic returns.

These include water conservancy facilities, schools, hospitals and environmental protection facilities.

Furthermore, the government is duty-bound to effectively manage unrenowned resources, particularly land.

It must also exercise macro-economic controls by drawing up construction plans, releasing information and formulating industrial, fiscal and financial policies, he said.

#### **Governor Ma Zhongchen on Population Growth Drop in Henan**

OW1203094594 Beijing XINHUA in English 0733  
GMT 12 Mar 94

[Text] Beijing, March 12 (XINHUA)—Henan, the second most populous province in China, registered a population growth rate of less than one percent in 1993, the lowest rate in a decade, Governor Ma Zhongchen said here today.

Ma, who is attending the ongoing session of the National People's Congress, told XINHUA that population growth has maintained a downward trend for the last three years in Henan, which has a population of 88 million, next only to Sichuan Province in size.

Henan's natural population growth rate was 9.52 per thousand in 1993, 1.62 per thousand lower than in 1992. Compared with the national average of 11.45 per thousand, this is seen as an excellent performance.

Back in 1990, Henan reported one of the highest population growth rates in China, at 18.4 per thousand.

"This seriously restrained local economic development," he said.

The province has in recent years adopted a series of measures to publicize family planning policies and related knowledge.

At present, 1,300 townships and urban neighborhood committees and 33,000 villages have set up family planning schools. Local governments have also given economic stimulus to households implementing birth control policies.

#### **'Leading Industrialist' Says Reform To Continue**

HK1203050794 Hong Kong SOUTH CHINA  
MORNING POST in English 12 Mar 94 p 7

[By Geoffrey Crothall in Beijing]

[Text] Beijing is not backing away from its commitment to reform its state-run enterprise sector despite the decision to bail out loss-making industries this year, a leading official said yesterday.

In his work report to the NPC, premier Li Peng announced that the Government would be providing special funds to large and medium-scale state-run enterprises and would exempt them from contributions to budgetary funds and energy and transport projects.

But Wang Guoquan, a leading industrialist and a member of the standing committee of the Chinese People's Political Consultative Conference, said such financial privileges were only temporary measures designed to ensure stability in a transitional period.

If enterprises continued to lose money for long periods of time and failed to improve their economic efficiency, Mr. Wang said the Government would have no choice but to let them go bankrupt.

"Enterprises which solely rely on the Government's preferential policies without deepening their own reform will definitely sink and the Government will not keep providing them with aid," Mr. Wang told a specially convened press conference in Beijing. Mr. Wang said there was no contradiction between encouraging enterprises to take care of themselves on the one hand and continuing to provide them with subsidies on the other.

"What premier Li meant (in his work report) is that enterprises should mainly rely on their own efforts to deepen reform of their operational mechanism but before that, in the transitional period, the Government has no choice but to offer them some preferential treatment so that we can ensure the livelihood of their workers."

"These are only temporary measures," he stressed. However, independent analysts said "temporary" in this context could mean several years.

A Western diplomat in Beijing said: "The social disorder which would result from have 30 million or 40 million workers laid off is enough to make anyone nervous and so it is understandable the Government wants to shore up these enterprises for the time being. And with one third of these enterprises losing huge amounts of money, it will take several years before the state sector is finally ready to take the plunge," she said.

Other observers said the Government's decision to provide additional funds to the state sector this year had been prompted by a wave of worker unrest over the past year.

A local economist said: "The Government has clearly been rattled by the increase in strikes and disruptions to production caused by workers' protests."

However, Mr. Wang said reports of numerous strikes in China had been exaggerated.

### Provincial Leaders Interviewed on Development Gap

OW1203043694 Beijing XINHUA in English 0318  
GMT 12 Mar 94

[Text] Beijing, March 12 (XINHUA)—Development of rural enterprises will be the key for narrowing the economic gap between coastal areas and central-western regions of China, according to local leaders.

After hearing Premier Li Peng's government work report at the current session of the National People's Congress, leaders of three provinces and one autonomous region expressed their above view.

In an interview with XINHUA, Ma Zhongchen, governor of Henan Province in central China, said that rural enterprises are a powerhouse for economic development in central and western regions, a main channel for surplus rural labor and a driving force for the development of rural towns.

He said Henan Province, the second largest agricultural province in China, has achieved remarkable progress in developing rural enterprises. In 1993 rural enterprises in the province produced an output value of 195 billion yuan and a gross profit of 24.18 billion yuan, up 62.5 percent and 76.5 percent over the previous year.

Rural enterprises in Gansu and Yunnan Provinces and Guangxi Zhuang Autonomous Region also made breakthroughs and achieved record economic returns in 1993. Local leaders said that the output value of rural enterprises in the two provinces and Guangxi registered 58.4, 41.5 and 71.6 percent of growth respectively last year.

However, leaders of the three provinces and Guangxi clearly understood the giant gap between coastal areas and the central and western regions.

Zhang Wule, acting governor of Gansu Province, said the central and western regions account for 80 percent of China's land area and 65 percent of rural population. However, the output value of their rural enterprises took up only 35 percent of the national total in 1993.

"This gap will have an adverse impact on the economic development of the whole country," Zhang said.

According to existing conditions, it is necessary to carry out large-scale cooperation between coastal and central-western regions in the development of rural industry, because the eastern areas have technologies, financial resources and management expertise while the central-western regions abound in raw materials, natural resources and manpower, the acting governor said.

Liu Mingzu, chairman of the Guangxi Zhuang Autonomous Regional People's Congress, said the joint-stock cooperative system arising from rural enterprises adapts to economic conditions in central and western regions. It is necessary to spread the system.

Leaders of the three provinces and Guangxi agreed that shortage of fund is the key factor restraining the development of rural enterprises in the central and western regions.

The State Council has decided that the central treasury will earmark loans to support development of rural enterprises in central and western regions from 1993 to 2000.

In addition, the Ministry of Agriculture is preparing a pilot program for east-west rural enterprise cooperation and plans to set up 100 pilot zones for east-west rural enterprise cooperation.

In accordance with state industrial policies, the ministry will also select 1,000 pilot projects for developing and upgrading rural industries in central and western regions.

At present, provinces and regions in eastern, central and western China are interested in the pilot program. Ten provinces and regions such as Sichuan, Hubei and Guangxi have planned to set up 50 pilot cooperative zones.

Leaders of the three provinces and Guangxi region believe that the central and western regions will usher in a new phase of rural industry development thanks to east-west cooperation, support from the central authorities plus local advantages.

### New Model 'Red Flag' Limousine Reported Set For Production

OW1303101694 Beijing XINHUA in English 0909  
GMT 13 Mar 94

[Text] Beijing, March 13 (XINHUA)—China will soon manufacture an improved model of "Red Flag" limousine, which was used exclusively by top Chinese leaders and whose production stopped some years ago.

This was disclosed by Geng Zhaojie, general manager of the China No. 1 Automotive Group, who is attending the ongoing session of the National People's Congress.

"Red Flag" was first designed and produced in 1958 by the No.1 automotive plant in Changchun in northeast China's Jilin Province.

Some years ago, the plant stopped producing the oversized, heavy limousine.

Designing of a new model began in 1991 and was completed last year, Geng said.

The new "Red Flag" is smaller than the old model, with two rows of seats instead of three, as was the case with the old model. Its body is shorter with an engine less than half the size of that for the old "Red Flag."

The new model is also more fuel efficient with a high speed. The new "Red Flag" will be cheaper than "Audi," a German car being made by the same plant, Geng said.

**Yang Zhou Detained Overnight, Released 12 Mar***HK1203031494 Hong Kong AFP in English 0222 GMT 12 Mar 94*

[Text] Beijing, March 12 (AFP)—Chinese dissident Yang Zhou, spokesman for the Chinese Human Rights Association, was released here Saturday after being detained by police for questioning overnight. "I spent the night at the police station and the police made it clear I was not to go too far," Yang said in a telephone interview.

His detention came less than an hour after the arrival of U.S. Secretary of State Warren Christopher, who is expected to ask the Chinese government about progress on human rights.

Yang, a 50-year-old veteran dissident, was one of the nine founders of the Peace Charter, a human rights movement set up last November. Two of its leaders, Qin Yongming and Zhou Guoqiang, have been imprisoned. The secretary general of the Human Rights Association, Shanghai-based Wang Fuchen, was also detained for questioning Friday.

The Chinese government has launched a major offensive against dissidents and rebel intellectuals over the past 10 days, questioning about 15, of whom three are still in custody. The latest crackdown coincided with the annual session of the National People's Congress, which began sitting Thursday.

**Yang Zhou Released 13 Mar After 2d Detention***HK1303023594 Hong Kong AFP in English 0227 GMT 13 Mar 94*

[Text] Beijing, March 13 (AFP)—Leading mainland dissident Yang Zhou, spokesman for the Chinese Human Rights Association (CHRA), was released Sunday after being arrested by police for the second time in 24 hours. Yang, 50, a Shanghai-based dissident who is also a founder of the Peace Charter movement created last November, said by telephone that he had been released at 9:00 a.m. (0100 GMT) after being held for more than 13 hours.

Another CHRA leader, Li Guotao, who was picked up with Yang on Saturday evening, was released at 1:00 a.m. (1700 GMT), Yang said.

Yang and Li were the latest dissidents to be taken in for questioning during a police sweep in Beijing and Shanghai that has netted around 15 activists in the last 10 days. The detentions coincided with the opening in Beijing of the annual session of the Chinese parliament and the arrival of U.S. Secretary of State Warren Christopher.

**Wang Fuchen, Yang Zhou Released 14 Mar***HK1403110294 Hong Kong AFP in English 1032 GMT 14 Mar 94*

[Text] Beijing, March 14 (AFP)—Dissident Wang Fuchen, secretary general of the Chinese Human Rights Association, was released Monday [14 March] in Shanghai after three days in police custody, a source close to him said. The spokesman for the association, Yang Zhou, who was also detained, said he had spent three consecutive nights at police headquarters in Shanghai and was set free at midday Monday.

"It's become a routine," Yang said by telephone. "They come to get me in the evening. I take my cigarettes and my tea, I sleep there and come home again in the morning." "They want to keep up the pressure, and they're not arresting me to show how human they are," added Yang, 50, who is a veteran human rights campaigner and one of nine founders of the Charter for Peace movement begun last November.

Wang, 39, has also been campaigning for human rights for many years, spending three years in prison for his activity during the 1978-79 Democracy Wall movement. The detentions of both men were part of a massive offensive against dissidents to coincide with the current session of the National People's Congress, China's rubber-stamp parliament, and the visit of United States Secretary of State Warren Christopher, which ended Monday.

Bao Ge, another Shanghai dissident, said Monday police had instructed him to "keep quiet" during the upcoming visit to China of Japan's prime minister, Morihiro Hosokawa. He will be in China March 19 to 21. Xu Liangying, 74, a professor at China's National Academy of Sciences, said Monday he was still under heavy surveillance and was not allowed to receive foreign visitors. Xu and six other intellectuals wrote a letter to the government last week, asking it to release political prisoners.

**Hong Kong Daily Views Detention of Dissidents***HK1303033394 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 13 Mar 94 p 7*

[Text] Leading mainland dissident Yang Zhou, the spokesman for the Chinese Human Rights Association (CHRA), was arrested late yesterday for the second time in 24 hours, his wife said. Yang, 50, a Shanghai-based dissident and a founder of the Peace Charter movement created last November, was also detained on Friday and then released yesterday morning after receiving a "warning" from authorities.

Li Guoping said her husband had been arrested along with another dissident, Li Guotao, who was also a leader in the CHRA. On Friday, he was detained with another leading Shanghai activist, Wang Fuchen. Wang is still being held.



Several other dissidents, including veteran democracy activist Xu Liangying, also said by telephone yesterday police had thrown security cordons around their apartments, in examples of official pressure on dissidents during the visit of United States Secretary of State, Warren Christopher.

To date, police have arrested or detained about 15 activists in the run-up to Mr. Christopher's visit. Mr. Xu, 74, said he was being kept in a state of virtual house arrest, with police not allowing anyone into or out of his home. He was one of seven intellectuals who wrote to government leaders last week demanding the release of political prisoners. He said two policemen had stationed themselves at his door and four more had come to the main entrance of his building yesterday morning to keep friends from visiting him.

"When I asked them what they were doing, they said: 'We're protecting intellectuals'," Mr. Xu said. He later tried to leave his apartment in Beijing's university district to pick up a newspaper, but police would not let him out, he said.

"I fought with them, and demanded to know what law allowed them to do this," he said. "All they answered was: 'It's orders from higher authority'." His wife, historian Wang Laidi, said: "They don't allow our friends to come in. They're concerned we'll have contact with Mr. Christopher."

Mr. Christopher has said he has no plans to meet dissidents during his trip. Speaking during his hours of freedom, Yang—Shanghai's most prominent political dissident—said he had been treated well by police.

Police also swarmed around US diplomatic compounds in Beijing yesterday in an attempt of head off any demonstrations during Mr. Christopher's visit.

Journalists who tried to see some prominent dissidents on Friday night or yesterday were stopped by police and, in at least three cases, detained for questioning.

A Dutch reporter was held for five hours yesterday for attempting to visit Liu Nianchun, the founder of a new labour rights' organisation. Caroline Straathof, of the Dutch newspaper *De Volkskrant*, said she and her Chinese translator were taken to a police station in the city's university district.

Mr. Liu was one of three dissidents who last week sent government officials an official application to establish a group to look after labour rights in the current economic boom. Straathof said police seized a copy of a document in which Mr. Liu proclaimed the labour federation, along with her notes, tapes and film. They also accused her of "visiting Chinese citizens without permission" and failing to carry her residence permit.

Mr. Liu's wife said he left the house on Friday and had not returned. Two other reporters, Nicholas Driver of United Press International and Matthew Forney of

Newsweek, were detained near Mr. Liu's house on Friday. They were held for six hours.

Other important dissidents have left Beijing in recent days and do not appear likely to return during the U.S. official's visit. They include China's most famous dissident, Wei Jingsheng.

### Wang Dan, Other Dissidents Leave Beijing

HK1203054294 Hong Kong MING PAO in Chinese 12 Mar 94 p 2

["Special dispatch": "More Dissidents Are Apprehended; Three Pro-Democracy Movement Leaders, Including Wang Dan, Suddenly Leave Beijing on Eve of Christopher's Visit"]

[Text] On the eve of a visit by the most senior official of the Clinton administration, the Chinese public security authorities have once again taken action against dissidents; Shanghai's pro-democracy figures Wang Fuchen [3769 1607 2052], and Yang Zhou [2799 0719] were taken away in turn by the authorities yesterday and their whereabouts are unknown.

On the same day, three of the 1989 pro-democracy movement leaders, including Wang Dan [3769 0030] and Zhou Duo [0719 5305], suddenly left Beijing and their current whereabouts remain unknown.

Before the departure of U.S. Secretary of State Christopher from the United States, U.S. officials had hinted that he would possibly meet Chinese dissidents during his visit, despite the fact that during his journey he had openly stated that he would not meet dissidents. The fact that the Chinese public security authorities took action against dissidents yesterday shows that the authorities are not "taking any risks." According to some foreign reports, it is not known whether or not the departure of Wang Dan and others from Beijing is by design of the authorities. However, their choice to leave Beijing before Christopher officially began his visit might avoid becoming entangled with the public securities authorities which would most likely happen. Surprisingly, a foreign dispatch quoted Wang Dan and others calling on the U.S. Government to continue to prolong MFN status for China, before they left Beijing.

Wang Fuchen is the fifteenth dissident that has been detained over the past week whereas Yang Zhou has been detained twice over the past weeks. According to Wang Fuchen's family, when he returned home yesterday morning, he was immediately taken away by some public security men: "They said they were taking Wang to stay in a guest house for several days."

The 39-year-old Wang Fuchen, an individual household, was given a sentence of 3-year imprisonment for participating in the 1978 Democracy Wall Campaign. He is currently secretary-general of the Shanghai Human Rights Association.

Yang Zhou, one of the signatories of the "Peace Charter," had talked about Wang Fuchen being detained with this reporter over the phone before he himself was apprehended, saying: "They hold Wan Fuchen in custody as a warning sign. If Wang was lucky, he would be detained for 24 hours; otherwise, they might detain him till after the conclusion of the NPC."

Shortly after, he was taken away from his home by a public security man. Yang Zhou's wife said that the public security man did not provide an explanation on why he took Yang away, nor did he disclose when Yang would be released.

As to the three pro-democracy movement figures who left Beijing, they are: Wang Dan, the student leader of the 1989 student movement who sent the NPC and CPPCC an open letter only two days before; Zhou Duo, one of the last batch to withdraw from Tiananmen during the 4 June incident; and Min Qi [7044 3823], a scholar.

This reporter phoned Wang Dan's family yesterday evening to inquire after him. His mother said that she knew nothing about Wang Dan's departure from Beijing; Wang Dan had "left home" when his family members were all at work and he had not said goodbye to his family, nor had he made any telephone calls. They learned about his departure through one of his friends who was with Wang Dan. According to his mother, Wang Dan had left home without saying goodbye and she was worried about it. However, she reckoned that Wang Dan would make contact with the family in a few days time.

According to his cousin, Wang Dan suddenly decided to leave Beijing by taking a train heading south yesterday morning. Accompanying him were two of his friends, Zhou Duo and Min Qi. His cousin said that Wang Dan left Beijing at around 0900 and that Wang did not explain anything to him because Wang was in a hurry; However, Wang did say that he would return to Beijing after a week or so. His cousin was worried as to whether or not he would be able to return to Beijing a week later.

A foreign dispatch quoted Zhou Duo: "In view of the present situation, we are leaving Beijing for a few days on our own. We strongly appeal to the U.S. Government to continue to grant China MFN status."

It is still hard to tell whether or not the departure of the three was genuinely voluntary. Earlier, the public security authorities demanded that Wang Dan leave Beijing but he refused. However, within 10 days, Wang Dan has already been detained twice for a short time for interrogation and the public security men had warned him to end all his political activities or else he would face heavy penalties.

### Dissidents 'Deliberately' Leave Beijing

*HK1203060094 Hong Kong LIEN HO PAO in Chinese 12 Mar 94 p 2*

[*"Exclusive report" by reporter An Ping (1344 1627): "Wang Dan, Zhou Duo, Min Qi Issue Statement: They Are Leaving Beijing Temporarily on Their Own in View of the Situation"*]

[Text] According to authoritative sources, student movement leader Wang Dan, Zhou Duo, and Min Qi have arrived in Fujian. Several days ago, they signed and published an open statement, saying that they had "deliberately" left Beijing for a few days and calling on the U.S. Government to extend the MFN trade status to China. However, the statement, which is being circulated, has not been confirmed by Wang Dan in person.

The full text of the statement is as follows:

1. Under pressure from the current situation, we are deliberately leaving here for a few days.
2. We strongly call on the U.S. Government to extend MFN trade status for China. [Signed] Zhou Duo, Wang Dan, Min Qi [Dated] 9 Mar 1994

As U.S. Secretary of State Christopher arrived in Beijing, Wang Dan and the others were in other parts of the country. This ties in with what they said in the statement, that is, they left Beijing "under pressure from the situation."

It is understood that Christopher had submitted a list of political prisoners to judicial departments in Beijing asking for their release. This list included the names of Wang Juntao, Ren Wandong, and the three dissidents detained recently—Yuan Hongbing, Wang Jiaqi, and Zhou Guoqiang.

The U.S. Secretary of State is paying this special visit to Beijing to gauge the human rights situation at a time when the National People's Congress and China People's Political Consultative Conference sessions are being held. It is not easy for the Chinese side to find any reason to prevent Christopher from making contact with democratic activists, therefore the abovementioned "arrangement" have been made.

The sources estimate that Zhou Duo, Wang Dan, and Min Qi will return to Beijing in about 10 days.

### Wang Dan, Others Tour Under 'Escort'

*HK1403030794 Hong Kong LIEN HO PAO in Chinese 14 Mar 94 p 11*

[Report by staff reporter from Shishi: "Wang Dan, Zhou Duo, and Min Qi Go Sightseeing at Shishi Under Escort"]

[Text] Beijing student leader Wang Dan, and his friends Zhou Duo and Min Qi arrived in Shishi yesterday for a sightseeing tour after having come to Xiamen on 11

March. They were forced to travel out of Beijing to "spend holidays" according to the "needs of the situation."

According to sources in Shishi, Wang Dan, Zhou Duo, and Min Qi stayed in a hotel in Shishi. They made a sightseeing tour in the town under the "escort" of some people.

Another leading democracy champion, Wei Jingsheng, went to northeast China with his younger brother and a lawyer in order to help his brother handle a business dispute there.

#### **Xu Liangying Reports Ding Zilin's Situation**

HK1303064294 Hong Kong LIEN HO PAO in Chinese  
13 Mar 94 p 2

[By Zhang Weiguo (1728 0251 0948)]

[Excerpts] "I tell you, there are cops here right now, and they have not let me go out the whole morning, nor do they let my friends come in," mainland Chinese human rights activist Xu Liangying almost roared over the phone.

"A reporter asked me whether I would meet Christopher if he came to pay me a visit. I said, I have not requested to see Christopher. But if he wants to talk to me, I will be willing to meet him. Perhaps this has irritated the authorities. This morning three persons in charge of the party group of the China Academy of Social Sciences came over here to talk with me and asked me not to meet Christopher. They preached at me. They talked of state security, blah blah blah....I gave this offer to them. I said, I will consider your request if you have all the cops withdrawn, have Ding Zilin's telephone line reconnected, and have all the plainclothes men withdraw from around her house. If you do not do this, then I tell you I will probably request a meeting with Christopher on my own."

Xu Liangying said with great indignation: "I want to tell the whole world what the situation is in China now— whoever calls for reason and the improvement of human rights through rationality will immediately have his human rights infringed upon." [passage omitted]

In this telephone interview Xu Liangying also mentioned Ding Zilin's case: "I went to see her yesterday afternoon. Her telephone line had been cut off. Those staying outside her house seemed to be behaving in a more civilized manner. Many plainclothes men were staying 10 to 20 meters away from the house. Those cops I had here were in uniform, they were from the Public Security Bureau. Whether the situation has changed today, I do not know. That is what I saw yesterday." [passage omitted]

#### **Article Views Coming 'Tough Battle' in Reform**

HK1103133094 Beijing RENMIN RIBAO in Chinese  
10 Mar 94 pp 1, 3

[Article by Ren Zhongping (0117 0112 1627): "The Leaders and the Masses Are United as One To Make a Success of This Year's Reform"]

[Text] Abstract: This year is a crucial year for quickening the establishment of the socialist market economic structure and comprehensively deepening reform in our country. It is necessary to make "across-the-board advances" [zheng ti tui jin 2419 7555 2236 6651] in the three aspects of fostering the market entities, perfecting the market system, and improving the regulatory and control system, and to make breakthroughs in the two key points of laying the microeconomic foundation and building the macroeconomic structure for the new market economy. The reform measures that have been adopted or will be put into practice this year will extensively touch upon many difficult points in people's concepts and ideas, institutional innovations, the adjustment of interests, and concrete operation at a profound level; so this will be a tough battle.

At present, we are facing the most favorable opportunity for launching the tough battle in our reform. We should be courageous and determined enough to overcome all the difficulties in the structural reform; otherwise, we may lose the rare historical opportunity and may fail to ensure the sustained, rapid, and healthy [chixu, kuaisu, jiankang] development of the national economy and to achieve the second-step strategic objective of our national economic and social development; moreover, our economy may even be bogged down in a predicament with the coexistence of high inflation and low-speed economic fluctuation over a fairly long time.

We should profoundly understand and consciously grasp the new characteristics of this year's tough battle in the reform. In the objects of the reform, as the reform will change the current dual-track system into the single-track system of the market economy, the pattern of the vested interests formed under the dual-track system will be profoundly shaken. Thus, we need comrades who take an active part in the reform to be brave enough to carry out self-revolution. In the structure of the reform, the spontaneous advances from bottom to top and the devolution of power from top to bottom will be changed from unified coordination and organization from top to bottom. This will be a major change, which requires new adaptability. In the process of the reform, "single-item advances" and batch operation will be replaced with "across-the-board advances" and "making breakthroughs in key points." This will make it more necessary to obey the guidance of the central authorities, to safeguard the authority of the central leadership, and to establish an overall point of view. In the guidance to the reform, as reform will mainly be regularized and guaranteed by the legal system rather than being promoted by various policies, we are required to continuously



enhance the sense of law and to learn how to apply legal means to guide the reform and manage the economy.

To successfully fight a tough battle in this year's reform, we must be united as one from top to bottom and share weal and woe, and this is the decisive factor. First, we should be really of one heart and one mind from top to bottom in the aspect of approaching and assessing the situation. We must not think that "reform is a matter for the central authorities, and development is my own business" and must not thus become indifferent to reform. Second, we should be really of one heart and one mind in making efforts to create a more benign and more favorable economic environment for the reform, and should thus be determined to resolutely control the level of investment in fixed assets, to maintain a basic balance among the gross economic quantities, and effectively to curb inflation. Third, we should be really of one heart and one mind in using both hands to grasp the work; that is, while carrying out economic reform and economic development, we should also safeguard social and political stability and strengthen socialist spiritual civilization. Leaders at all levels should be good at finding out and stabilizing the people's feelings and resolving contradictions in good time so that a peaceful and stable situation as well as a benign public conduct and opinion environment can be maintained. We should really ensure the supply of foodstuffs and other daily necessities for the masses, and should do solid things closely linked with their daily lives. We must not disregard the people's livelihood while only being keen to raise the rate of economic growth. [end abstract]

What will this year be? The leading comrades of the party Central Committee and the State Council have repeatedly stressed that this year will be a crucial year for implementing the "Decision" of the Third Plenary Session of the 14th CPC Central Committee and for launching a tough battle in the in-depth reform across the board for the establishment of the new socialist market economic system. On 1 January, Comrade Jiang Zemin pointed out in his speech at the new year tea party held by the National Committee of the Chinese People's Political Consultative Conference: "The year 1994 will be an extremely important year for our country's reform, opening up, and modernization." "In the new year, the key part of our in-depth reform is to carefully and properly organize the adoption and implementation of a series of major reform measures for the establishment of the socialist market economic system."

On 28 January, in his speech to the national propaganda and ideological work conference, Comrade Zhu Rongji stressed: "The tasks of reform and development in 1994 will all be arduous, and this is what the people are concerned about and what the world is watching. Whether we can win in this tough battle in the course of reform will be a stern test for us." Later, in his speech at the Spring Festival gala, Comrade Li Peng summarized this year's tough reform battle into three main points: "First, properly organize the implementation of the major reform measures in the fields of the financial and

taxation system, the banking system, and the investment system, and establish and perfect the macroeconomic control system. Second, continue to transform the management and operation mechanisms in the state-owned enterprises, and explore an effective way to establish a modern enterprise system suited to the requirements of the socialist market economy. Third, properly advance the price reform and develop and improve the market system on the basis of giving full consideration to the endurance capability of all quarters concerned."

All these important speeches conveyed two important messages to us: First, the economic structural reform in our country has entered a new stage of being advanced comprehensively and in a well-coordinated manner in depth across the board. This year will be a year in which most reform measures will be adopted more intensively than in the past more than 10 years since the Third Plenary Session of the 11th CPC Central Committee, and the size, scope, difficulty, and depth of the reform will all be unprecedented. Second, this year's in-depth reform will "be advanced across the board" in the three aspects of fostering the market entities, perfecting the market system, and improving the regulatory and control system. At the same time, breakthroughs will be made in the two key points of laying the microeconomic foundation and building the macroeconomic structure for the new market economy. These reform measures will basically take shape within this year, and will become well-known to the general public next year. In 1996, China will begin to move onto the path of the socialist market economy. With the coming of the new year, the prelude to the tough reform battle was started, and the central authorities announced a series of important reform programs in the field of macroeconomic control and in other fields. The pilot schemes for the establishment of the modern enterprise system, which is the main point of the microeconomic reform, will soon be started in about 100 enterprises selected by the State Council. We should be fully aware of the necessity, arduousness, and complicated nature of this year's tough reform battle, and should be of one heart and one mind in ensuring the across-the-board implementation of all the major reform measures adopted by the central authorities according to the "Decision" of the Third Plenary Session of the 14th CPC Central Committee. Through our painstaking efforts to organize and guide the operation in various fields, we shall guarantee the smooth implementation of the reform measures, win a victory in the tough reform battle, and further develop the current good situation.

# I

Why do we call the implementation of the major measures for the in-depth reform this year a tough reform battle [gaige gongjian zhan 2395 7245 2396 1017 2069]? This mainly refers to the depth and difficulty of the reform. On the whole, some of the major reform programs to be put into practice this year will extensively touch many deep-level ideas and concepts, as we have often mentioned, as well as some difficult points in the

adjustment of interests and concrete operation. For example, the reform program for establishing the modern enterprise system will profoundly touch the issue of defining the property rights in the public economy and the form of the public economy. Being different from the policy adjustments in the eighties in the enterprise reforms, which were mainly devolution of power that enabled the enterprises to retain more profits in their hands, the current in-depth reform will further create a brand-new enterprise system. As another example, in the reform program for the establishment of the market for production factors, the "labor force market" will touch such a deep-level issue as the status of workers in an enterprise under the socialist condition. As for the concept of a "capital market," this is also a major breakthrough from the traditional conception and is a new development of socialist economic theory. As one more example, the reform program for various macroeconomic control mechanisms, especially the tax-sharing system, requires the delimitation of the scope of macroeconomic regulation and control and is related to the scientific demarcation between the economic management jurisdictions of the central and local governments. In economic management, the authority of the central government must be strengthened, and the power of macroeconomic control in various fields must be concentrated in the hands of the central government. At the same time, it is also necessary to bring the initiative of the central and local authorities into play. This is an issue that has not been properly resolved since the foundation of the PRC and has not been thoroughly resolved although efforts were made to resolve it since the beginning of the reform. Therefore, this will also be a difficult point in the tough reform battle. It is also rather difficult to break the departmental and regional monopolies in some economic sectors and to adjust the existing interest patterns. Because the emancipation of people's minds, the renewal of concepts, the innovation of systems, and the adjustment of interests will be carried out at a deeper level and will encounter greater difficulties, we call this year's in-depth reform program a tough reform battle, which means we will have to overcome many difficulties.

Why are so many tasks of tackling difficult problems scheduled for this year in a concentrated manner, since tackling difficult problems in reform is so arduous and involves certain risks? Here is the question of the judgment and choice of timing concerning whether or not the tasks of tackling difficult problems in reform, which we have been discussing undertaking for so many years, but for which conditions have not been available, can be postponed. As far as the judgment of timing is concerned, we must tackle difficult problems in reform by resolving contradictions at a deeper level despite various kinds of existing problems in the macroeconomy of our country at present. Also, it is the most opportune time at present for us to tackle difficult problems in reform. First, the 14th CPC National Congress set, in accordance with the spirit of Comrade Deng Xiaoping's remarks made during his trip to the south, the goal of reform of

establishing the socialist market economy. This enabled us at one go to get rid of the perplexity caused by concepts concerning whether the market economy is "socialist" or "capitalist." We can now courageously promote various kinds of market-oriented reforms in the same direction at a deep level without any ideological misgivings or obstacles, and we are duty-bound not to turn back. Second, in the course of reform in the past 10 years and more, we have overcome one difficulty after another, have accumulated valuable experience, and have increased our ability to deal with complicated situations. Moreover, all the plans for tackling difficult problems in reform put forward this time have been worked out under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core, following meticulous and careful investigation and study over a long period, pooling the wisdom of the people of the whole country, and using as reference the successful experience of the developed countries. They conform with the general laws of the market economy, adhere to the principle of proceeding from the actual national conditions of China, and give as much consideration as possible to the interests of various quarters. Therefore, a consensus on tackling difficult problems in reform can be reached and resistance from various quarters can be reduced. In addition, what is more important is that since the publication of the important remarks made by Comrade Deng Xiaoping during his inspection tour of the south in 1992, a new situation has been opened up in work of all aspects in our country, the national economy is developing vigorously, market supply is abundant, the people's living standard has been further improved, and some problems cropping up in the course of advance have been, or are being, effectively solved. All this has created favorable political conditions and a social environment for comprehensively promoting the tackling of difficult problems in reform. If we miss this rare historical opportunity and do not have the courage and determination to overcome various difficulties in the structural reform, or cannot properly solve various problems cropping up in development, we cannot maintain a sustained, rapid, and healthy development [chixu kuaisu jiankang fazhan] of the national economy, nor can we realize the second-step strategic objective for the national economy and social development. We may even land in a predicament of high inflation and low-speed economic fluctuation over a considerably long period in the future.

Regarding the choice of timing for reform, could the promulgation of various reformative measures promulgated this year have been further postponed as some comrades suggested? Perhaps these comrades are not aware that technically speaking, financial and taxation reforms and foreign exchange reforms have to start in a rigid and unified calendar year and accounting year. A delay of 10 days or half a month will actually mean a delay of another year. Besides, we should also be aware that at present, the losses in finance and taxes of the central authorities are very serious. The financial revenue of the central authorities accounts for a decreasing



percentage of the financial revenue of the country, and the deficits are increasing. If the reform of the financial and taxation structure is not carried out right away, things will get harder and harder. Again, imports are increasing, exports are decreasing, the trade deficit is expanding, the state's foreign exchange income is decreasing, and the outflow of capital is also increasing. If the reform of the foreign exchange structure is not carried out right away, things will be difficult to cope with. Moreover, the long-standing problem of "being overanxious to make investment" of the traditional planned economy structure, the competition in speed, the rapid expansion in scale, and the financial expansion have become the cause of the macroeconomy being out of control. If reform in the investment structure and the financial structure is not carried out right away, serious inflation will lead to serious political problems. Therefore, if, following the Third Plenary Session of the 14th CPC Central Committee, we do not make a prompt decision, do not quickly make use of the favorable opportunity, or do not take relatively big steps in deepening reform, our political losses will be very great.

## II

What, then, are the new characteristics of the moves to tackle difficult problems in reform this year as compared with various reforms carried out since the Third Plenary Session of the 11th CPC Central Committee? We think that deepening our understanding of, and consciously grasping, these new characteristics are of the utmost importance to doing a good job in tackling difficult problems.

First, as viewed from the targets of reform, there is a transitional period of the "coexistence of the two tracks" in the change from the socialist planned economy to the socialist market economy. This is unavoidable in the course of reform in our country and practice has proved that this period is conducive to reducing shocks and to avoiding the common setback of landing reform itself in a predicament resulting from the accumulation of various kinds of problems caused by radical reform. The structure in which the two tracks coexist has many negative effects which brook no negligence. It induces the marriage of administrative power with activities of the commodity economy, leading to chaos in functions, misplacement of roles, lax binding force, and uncontrollable behavior of various interest entities, and to numerous loopholes and a lack of rules in management. In the course of tackling difficult problems in reform, to gradually change the dual-track structure into the single-track structure of the market economy will inevitably change the pattern of set interests formed in the structure in which the two tracks coexist. This pattern of interests is also linked with some reformative measures of the eighties. Change in the pattern will cause conflicts of interests and will also cause perplexity in concepts and resistance in ideology. Therefore, even comrades who were active in the previous stage of reform also have to further enhance their consciousness of deepening reform, be courageous to make self-revolution, and

actively promote on their own initiative the remodeling of the economic structure and the functions of their respective departments. Otherwise, it is possible that they will become "half-way reformers" and lag behind the times.

Second, as viewed from the methods of reform, the reform of the eighties mainly developed spontaneously from bottom to top, and power and interests were delegated from top to bottom. In that stage, the main propelling force attacking the old structure came from the various localities and the grass-roots level. Various localities, various departments, and various units could, according to their own will, have "optional exercises" in reform and "grope for stepping stones to cross the river," giving play to their own ability. Leading departments mainly delegated power and interests to lower levels. As a result, localities and units which energetically carried out reform were often the first to get the benefit, while leading departments appeared to be "entrenching themselves at every step and retreating in defeat again and again." Things are different in the stage of tackling difficult problems in reform. Since many aspects of work have to be done in the establishment of the new structure and close coordination among them is needed, it is necessary for certain authoritative organs to formulate basic rules for coordination. At the same time, since tackling difficult problems in reform will unavoidably change the pattern of set interests, reform does not necessarily bring immediate interests to each unit or individual to the satisfaction of all. This will inevitably encounter various kinds of difficulty and resistance. It is necessary to organize people to make efforts to remove obstacles before reformative measures can be implemented. Also, in tackling difficult problems in reform, the definition of property rights, the fixing of methods for the management of assets, and the establishment of the new finance and taxation structure, the monetary structure, the foreign trade structure, and the investment structure can never be realized spontaneously from bottom to top. The entire reform process must be coordinated in a unified manner, organized, and carried out from top to bottom by firm and powerful high-level authoritative state organs. If we do not act in this way, but let things drift, each doing what he thinks is right, serious imbalance will occur, the cost of reform will undoubtedly increase, the formation of a unified domestic market will be delayed, and the rapid growth of the entire national economy will be hindered.

Third, as far as the reform process is concerned, in the eighties, most of the reforms proceeded separately. Since people did not change their concepts all at the same time and had different degrees of feeling toward the old system, some localities were very enthusiastic for reform, and they took the initiative in implementing reform, even "at their own expense"; but some localities acted slowly without much enthusiasm. For example, in the early days of rural reform, the contract responsibility system on a household basis with remuneration linked to output was implemented and the people's commune system was abolished. At first, only one out of three



provinces fulfilled the tasks; in the second year, the number increased to two-thirds; and it was only in the third year that almost all provinces followed suit. At that time, the principle of the central authorities was that "people are allowed to act as bystanders," there would "not be any coercion or campaign," "people could do it as long as they were willing," and they could "do it as much as they liked," while those who were still not convinced and who failed to catch up with others could wait. On the other hand, at a stage in which reform is implemented at full speed, we must achieve overall progress, take joint action, and make breakthroughs in key areas. It is necessary to coordinate the time of introducing reform measures which have a bearing on the overall situation of macroeconomic regulation and to integrate every action and step. For example, in implementing the taxation reform and unifying exchange rates, it is as if athletes must take heed of the sound of the judge's starting gun before they can run at full speed. It is absolutely out of the question for one to implement reform while another does not follow suit. Similarly, people cannot do it when they are ready but stop when they are no longer willing to do so. There is even less room for any wait-and-see attitude. Hence, at the stage of implementing reform at full speed, we must establish a new system, be subordinate to the guidance of the central authorities, maintain the authority of the party Central Committee and of the State Council, bear the overall situation in mind, reach a common understanding, and act in unison.

Fourth, as far as reform guidance is concerned, in the eighties, the main form of reform guidance was delivered through policy implementation. For example, in implementing rural reform, the central authorities issued a No. 1 document every year, and the peasants, who spoke of "policies making people rich" and "policies taking the reign," were always concerned about "whether there were policy changes," whereas cadres at the grass-roots level were quite concerned about the "money content of policies" and wished to constantly receive "preferential policies" from decisionmaking bodies. But at the stage in which reform is implemented at full speed, the form of reform guidance has already shifted, and will be more frequently shifted, from policy implementation to implementation of laws. This is because a socialist economy is virtually a kind of legal economy. To establish and perfect the socialist market economic system, it is necessary to have a complete legal system to standardize and protect it, and, as far as reform guidance is concerned, reform policy decisions are required to closely link up with legislative policy decisions so as to use laws to guide and give an impetus to reform as well as ensure its smooth implementation. For example, when the taxation reform program was introduced on 1 January 1994, the "PRC Personal Income Tax Law," which was amended by the National People's Congress, and regulations promulgated by the State Council for interim implementation, including those on value-added tax, consumption tax, sales tax, and enterprise gains tax, were simultaneously introduced (that is, "one law and

six regulations"). Before the full implementation of the reform of establishing an enterprise mechanism for a modern enterprise system, the state has already promulgated in advance the "Company Law," the "Stock Law," and so on. In order to adjust to the law-propelled form of reform guidance at the stage in which reform is implemented at full speed, we must, on the one hand, urge legislative organs to pay close attention to drawing up laws on standardizing the main body of the market, maintaining the market order, enhancing macroscopic regulation, perfecting social security, opening up wider to the outside world, and so on, and we must revise and annul laws and regulations inconsistent with the establishment of the new system in a timely manner. On the other hand, we must make efforts to constantly improve the legal awareness and concepts of the whole society and to urge cadres at all levels to learn how to apply legal means to guiding reform and managing the economy.

### III

All of us will certainly reach a common understanding after clearly identifying the difficulties, necessity, and characteristics of the full implementation of reform this year. That is, to achieve success in reform this year, the key lies in making concerted efforts and helping each other. "Tai Shan will move and the battle will be easy if people are of one mind." The party Central Committee and the State Council have repeatedly stressed that the "leadership and the rank and file should be of one mind in order to score a victory" in reform. As far as the current situation is concerned, the unity between the "leadership and the rank and file" should be embodied in the following three aspects:

First, we must make really concerted efforts to get a clear understanding of the overall situation and to be subordinate to and serve it. The party Central Committee has repeatedly stressed that the overall situation of party work this year is to seize the opportunity, deepen reform, open up wider, promote development, and maintain stability [zhuazhu jiyu, shenhua gaige, kuoda kaifang, cujin fazhan, baochi wending]. The essence of the overall situation is precisely to uphold the principle of "using reform to promote development" and to "treat reform as the theme." Leading cadres at all levels must have a sense of urgency, of responsibility, of crisis, and of worry when seizing the opportunity to deepen reform and take the initiative to devote more energies to reform, and must center on the major orientation and train of thought set by the central authorities with rapt attention. Never can we consider that "reform is a matter for the central authorities, whereas development is our own business" and be merely keen on development rather than on reform. In implementing reform, we must throw away "our small abacus," "not get up to any little tricks," and oppose all sorts of fraud. These kinds of behavior run counter to the principle of achieving unity between the leadership and the rank and file. We must draw inferences about other cases from one instance and check

erroneous ideas at the outset. We must sternly criticize and correct negative phenomena in the process of deepening reform.

Second, we must make really concerted efforts to create a relatively relaxed and more favorable economic environment for reform. Since reform is gaining momentum and we have a heavy task to implement it in 1994, the economic environment cannot, under any circumstances, be controlled too tightly. There must be some leeway in making plans and arrangements for the pace of economic growth. In this connection, we must be determined to control the scale of fixed-asset investment, insist on matching the scale of construction with our national strength, and prevent the "three breakthroughs" in setting higher targets for growth rate, planned fixed-asset investment, and price rise rate from triggering off overheated economic development and aggravating inflation again. Comrade Deng Xiaoping explicitly said: "One of our experiences is to see emerging problems when development is smooth, and development should be moderate because an overheated economy will easily cause trouble." This is the wise remark of an experienced person as well as a note of caution. Leading comrades at all levels must stay sober-minded, be unconditionally subordinate to policy decisions of macroscopic regulation made by the central authorities, resolutely refrain from thinking negatively, make arduous efforts to keep total supply and demand basically in balance, take practical measures to check inflation, and guard against economic fluctuation. As far as the pace of development is concerned, various localities must proceed from their real conditions and never vie with each other.

Third, we must make really concerted efforts to uphold the principle of doing two types of work simultaneously, maintain social and political stability, and strengthen the building of socialist ethical progress. Upholding the principle of doing two types of work simultaneously and maintaining social and political stability is the political guarantee for our smooth reform, opening up, and modernization, and for our endeavor to accomplish economic development. It is also an important component of the undertaking of building socialism with Chinese characteristics. Without a stable social and political environment, we cannot succeed in reform and construction. Likewise, only when we insist on reform and development can stability be basically maintained. We are now promoting economic restructuring amid the high-speed operation of our national economy, and we must also maintain the growth of our national economy in a fast and good manner in the process of accelerating system transformation. In this connection, we are required much more to pay attention to maintaining a stable social and political environment. Leaders at all levels must treat the work of maintaining social stability as their own task, be good at taking heed of public feeling, lay stress on redressing grievances, promptly settle conflicts, guarantee safety and peace, and make sure that the general mood of society and the atmosphere

of the press is good. We must carry forward our party's fine tradition of caring for the masses in every respect, of relying on the masses under all circumstances, and of always thinking of the interests of the masses. We must attach high importance to every concrete matter which is closely related to the wellbeing of the masses, such as the "shopping basket" and the "rice bag [mi dai zi 4717 5915 1311]" projects, and we should never blindly seek speed of growth at the expense of the wellbeing of the masses.

Various key measures for the full implementation of reform have been introduced for more than two months, the overall situation is good without giving rise to any outstanding problem. At present, the market, society, and popular feeling are stable, which strengthens our resolve to fully implement reform to the end. "We must deal with the most difficult things if we want to pave the way to a bright future." We believe that if we succeed in the difficult task of deepening reform at full speed, it is certain that our country will enjoy perpetual political stability and make great strides forward in economic construction. Let us be of one mind and make concerted efforts to march forward in the flush of victory!

#### **Han Dongfang Publication Smuggled Onto Mainland**

*HK1303034094 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 13 Mar 94 p 7*

[By John Colmey]

[Text] A new publication by exiled Chinese dissident Han Dongfang is on its way to factories across the mainland after being smuggled into Beijing last week.

Mr. Han, who left for the United States on Thursday, said he finished the first edition of the China Labour Bulletin last weekend. A "contact" was to take the first 1,000 copies to the Chinese capital. From Beijing, the magazine would be distributed to a network of workers throughout the mainland. Another 1,000 copies in English would be sent to the 155 members of the International Federation of Free Trade Unions.

"We hope workers who see the magazine will learn what is happening in the China labour movement," Mr. Han said. "We also want the workers to think of themselves and the harsh conditions they are working under."

The China Labour Bulletin is funded by the Hong Kong Christian Council and its Christian Industrial Committee. Legislator Lau Chin-shek, director of the committee, hired Mr. Han to edit the bulletin last month. Initially, Mr. Han expects to produce one edition each month. Eventually he hopes the magazine will go bi-monthly.

Mr. Han said future editions would tell workers "how to agitate for their rights". He said several dissidents in China had also agreed to submit articles.

### **Deng's Daughter Interviewed on NPC, Deng's Health**

*OW1403070094 Beijing Central Television Program  
One Network in Mandarin 0600 GMT 14 Mar 94*

[Report on interview with Xiao Rong, daughter of Deng Xiaoping, by an unidentified CCTV reporter at the Great Hall of the People on 14 March; from the "News" program—recorded]

[Text] This morning, a reporter of this network interviewed National People's Congress [NPC] Deputy Xiao Rong. [video shows close-ups of a male reporter holding a mike asking Deng Xiaoping's daughter Xiao Rong, alias Deng Rong, in the hallway in the Great Hall of the People. Caption on the screen reads: "Xiao Rong says: Deng Xiaoping is concerned with the 'two meetings,'" referring to the Second Session of the Eighth NPC and the Second Session of the Eighth National Committee of the Chinese People's Political Consultative Conference]

[Reporter] How are you, Comrade Xiao Rong. Comrade Deng Xiaoping is also an Eighth NPC deputy. Is he very concerned with the session?

[Xiao Rong] He is an Eighth NPC deputy. Because of age, he did not come to attend the meeting. But he has always been concerned with the session. Like all other deputies and people in the country, he is very much concerned with this meeting and its proceedings. He reads newspapers every day about the meeting.

[Reporter] How is Comrade Deng Xiaoping's health?

[Xiao Rong, smiling] He is very healthy [ta xianzai shenti hen hao]. Of course, he is not as healthy as two years [buru qianliangnian] ago because of age; but for a 90-year-old man, his health should be considered as very good. Thank you. [Xiao turns her head away and walks away from the reporter]

### **Editorial on Li Peng's Government Work Report**

*HK1403032094 Hong Kong TA KUNG PAO in Chinese  
12 Mar 94 p 2*

[Editorial: "A Practical Government Work Report"]

[Text] It was generally agreed that Premier Li Peng's government work report to the Second Session of the Eighth National People's Congress [NPC] was a practical report.

The government work report mentioned that this year's plan fixed the growth rate of the gross domestic product at 9 percent. This was a realistic, positive, and feasible arrangement. It seems that the 9 percent growth rate is somewhat lower than the 13 percent growth rate in the previous two years, but it will remain a rather high growth rate in the process of China's economic development and a rarely-seen high growth rate as compared with Hong Kong, Taiwan, and some Southeast Asian countries and regions where the economic growth rates

were high in world terms. If China can continue to maintain its economic growth rate around 8-9 percent for a number of years, it will be able to realize its second-step strategic objective of quadrupling its GNP three years ahead of the schedule, and this will be a remarkable achievement.

Through the practice of reform, opening, and modernization over many years, more and more people have come to accept this point of view: China is facing a rare historical opportunity, which must be used to accelerate China's economic development; but development must follow a new course and must not follow the old course of unrealistically seeking a high growth rate of output value and expanding the size of investment.

The government work report stressed: "All localities should proceed from their own conditions when deciding a reasonable development speed, and should not compare themselves with each other in an improper way and unrealistically seek higher output value." This guided all quarters in society to make solid efforts rather than doing something ineffective; to consistently focus efforts on achieving good economic results and seeking a solidly high growth rate rather than unrealistically creating some exaggerated statistics.

In China, the development of the national economy is determined by two key factors: One is the vast countryside in which the overwhelming majority of the population is living; and the other is the more than 10,000 large and medium-sized state-owned enterprises which form the backbone of the national economy. Successfully invigorating and developing these two economic sectors is of decisive significance for ensuring the sustained, rapid, and healthy development of the national economy.

Therefore, Premier Li Peng stressed in his report the need to adopt various measures for strengthening the position of agriculture and resolving prominent contradictions and problems in the rural areas. He said that it is necessary to make the rural economy prosper by every possible means, to increase peasant income, and especially to help the 80 million people in poor areas to obtain sufficient food and clothing within the last seven years of this century. The government work report also pointed out the need to improve production and management in the manufacturing and transport industries, especially in large and medium-sized state-owned enterprises. All local governments and all departments should give priority to the work of improving large and medium-sized state-owned enterprises in their work schedules, and should adopt measures to create a benign external environment for these enterprises and help them stop losses and increase profits in their business operation.

The government work report realistically analyzed the prominent contradictions and difficulties in this year's work, and put forward pertinent countermeasures. Among other problems, the excessive size of investment



in fixed assets is the toughest problem which causes great risks. The government has paid serious attention to this problem, and demanded that the size of investment this year be kept from further expanding. Even in the fields of basic industries and infrastructural construction, investment should also be made according to the actual capability. Financial and material resources should first be used to meet the needs of key projects in the fields of transportation, telecommunications, and major raw material production as well as projects for harnessing major rivers. Coastal areas are encouraged to make investment in the central and western regions of the country. This year, the government will not approve establishment of any new development zones, and new capital construction projects will not be started if funds are not guaranteed. The practice of using working funds for the purpose of capital investment will be banned. At the same time, through the in-depth reform of the investment structure, mechanisms for regulating and controlling investment will be established, and macro-control over investment will be improved. This will reduce blindness in investment and will curb investment swelling.

Strengthening agriculture, improving operation of the large and medium-sized state-owned enterprises, resolving contradictions, and overcoming difficulties will all rely on reform. Reform is the key link and is also the motive force. Without carrying out reform or without taking substantial reform steps, China may just lose the opportunity and fail to effect further development. Therefore, it is certain that this year will be a reform year in China. The government work report mentioned the contents, steps, and noticeable points of financial and taxation reform, banking reform, the reform of the state-owned enterprises, price reform, and institutional reform. The reform measures will profoundly touch a wide scope of vested interests, and their implementation will encounter great difficulties and will also have a profound impact. The Chinese Government is determined to lead the people throughout the country to make breakthroughs in key points and to make advances across the board by overcoming one difficulty after another.

Because of the reforms are being carried out intensively against great difficulties, all localities throughout the country are required to create a benign condition, which is social stability. Without stability, it is impossible to carry out any reform measures no matter how good they are. At present, law and order in some localities is not good, and corruption exists among a small number of government personnel. These are unstable factors, which must be effectively overcome according to the government work report's requirement for preventing corruption and taking comprehensive measures for maintaining law and order. Reform is conditioned by stability, and stability should also be promoted by reform. The two things complement each other, and cannot be separated from one another.

### Jiang Zemin Signs PLA Afforestation Regulations

OW1403120594 Beijing XINHUA Domestic Service in Chinese 1118 GMT 28 Feb 94

[By correspondent Cao Zhi (2580 2535)]

[Text] Beijing, 28 Feb (XINHUA)—Jiang Zemin, chairman of the Central Military Commission, recently signed a decree to promulgate the "Afforestation Regulations of the Chinese People's Liberation Army [PLA]." The "Regulations" have specific provisions on military afforestation undertakings and management, on the protection and use of forest resources, and on awards and penalties in related work.

The "Regulations" stipulated that the PLA Afforestation Committee leads all military afforestation work. Afforestation committees (leading afforestation groups) at and above regimental level will lead afforestation work in their own units or systems. The basic tasks in military afforestation work are to plant trees, plants, and flowers on military land and in surrounding garrison areas; to afforest uninhabited hills, wasteland, and barren beaches in an effort to turn military camps and bases into parks; and to protect, develop, and use forest resources so as to serve army building and the national economic construction. The military afforestation drive aims at integrating military, ecological, social, and economic benefits. The "Regulations" imposed new afforestation requirements on military camps and bases: Military units garrisoned in urban areas must afforest an area no less than 25 percent of the total area of their military camps or bases; military units garrisoned in suburban and rural areas must afforest an area no less than 30 percent of the total area of their military camps or bases. The "Regulations" stipulated that the survival rate of military afforestation undertakings should be 5 percent higher than that of local afforestation endeavors.

At an interview with the correspondent, a person in charge of the PLA Afforestation Committee pointed out: The "Regulations" were formulated in accordance with the "Forest Law of the People's Republic of China" and the National People's Congress Standing Committee's "Decision on Nationwide Compulsory Tree-Planting Campaign," and after we summarized experiences of the army's afforestation work for more than 10 years. The "Regulations" are an integral procedure for governing the army according to law. The formulation and implementation of the "Regulations" indicate the Chinese Army's afforestation work is governed by the legal system and will definitely further enhance healthy progress in such work.

### Chen Yun Likely To Visit Shenzhen in April, May

HK1303083594 Hong Kong HSIN PAO in Chinese 13 Mar 94 p 3

["State Affairs From a Businessman's Point of View" column by Chang Li (1728 4539): "Chen Yun To Make Inspection Tour of Shenzhen"]

[Text] Hearsay has it that Chen Yun will make an inspection tour of Shenzhen in April or May. Chen told people around him that his legs are all right and he can walk now, so he would like to visit Shenzhen to have a look.

Chen Yun has been in very bad health over the past few years, and many people believed that he would not last long. It is really surprising that this old man has been getting stronger, and his health has been improving although he is getting older in age. This is really exceptional for a man over 80.

Chen Yun has never visited Shenzhen. There has been some speculation that he disagreed with the idea of running special economic zones. If the hearsay about his visit is true, then his Shenzhen tour should be a gesture to show his support for Shenzhen's efforts in building the special economic zone.

Chen Yun is a Shanghai native. When he was young he was a typesetter at the Shanghai Commercial Press. Speaking with a heavy Shanghai accent, Chen Yun is regarded as the CPC's chief financial and economic expert. He used to be ranked fifth among other leaders within the CPC. Before the Cultural Revolution, CPC leaders were ranked in this order in terms of their standing: Mao Zedong, Liu Shaoqi, Zhou Enlai, Zhu De, and Chen Yun. Lin Biao and Deng Xiaoping were only ranked immediately after them. In the CPC political arena, where seniority is a great asset, Chen Yun enjoys very high prestige, and that is why Deng Xiaoping has to give much consideration to Chen's opinion.

Given the present political climate in China, if Deng died it would be almost certain that Chen would take his place.

Therefore, attention should be paid to Chen's move.

#### **Factions Use Deng Xiaoping's Name To Bolster Authority**

HK1203080494 Hong Kong SOUTH CHINA MORNING POST in English 12 Mar 94 p 6

[By Willy Wo-lap Lam]

[Text] Various factions and leaders in the Chinese Communist Party are using the prestige and quotations of patriarch Deng Xiaoping to bolster their positions. Chinese sources said as the health of the senior leader deteriorated, contenders for power in the post-Deng China were trying to accumulate political capital by claiming to have his blessings. The sources said Mr. Deng was no longer fit to pay close attention to national policy.

Before delivering his Government Work Report to the National People's Congress yesterday, however, Premier Li Peng hinted that his report had lived up to the expectations of the 89-year-old patriarch. "Comrade Deng has all along provided guidance to the report," Mr.

Li reportedly told the legislators. "He has shown concern for the fact that the contents of the report should highlight the themes of reform, development and stability and that it (the report) must be practical."

Analysts said, however, that Mr. Li's report had omitted the bulk of the remarks that Mr. Deng had made in Shanghai before Lunar New Year about "fast-paced reform and development". They said the premier had invoked Mr. Deng's name solely to boost his own authority.

Informed sources said members of the Deng family had agreed to use Mr. Deng's name and authority to buttress the power base of the patriarch's proteges.

For example, while touring Japan earlier this week, Deng Rong, Mr. Deng's daughter and private secretary, told journalists that the senior leader had entrusted major national affairs to President Jiang Zemin, Premier Li and Executive Vice Premier Zhu Rongji.

This is despite the fact that on private occasions, Mr. Deng had expressed reservations about the commitment of Mr. Jiang and Mr. Li to his reforms.

At the same time, members of the Chinese Communist Party's conservative faction have revived those of Mr. Deng's old speeches that advocate iron-clad control in the ideology and media fields. In a recent speech on stopping the "infiltration of corrupt ideas and culture from outside of China", the Minister of Radio, Film and Television, Ai Zhisheng, quoted a maxim of Mr. Deng on fighting "bourgeois liberalisation".

In a dispatch last night, the semi-official Hong Kong China News Service [press agency name as published] quoted Mr. Ai as citing this Deng dictum: "While resolutely implementing the open door policy, we must be cool-headed and insist on sabotaging the infiltration of decadent ideas from abroad. We must never allow the inundation of a bourgeois-liberal lifestyle in our country." In their public speeches, however, conservatives like Mr. Ai have omitted Mr. Deng's more liberal views on ideology and propaganda.

Western diplomats said as Mr. Deng's health deteriorated, there was a possibility he would be "controlled" by family members and confidants who were in a position to attribute policies and instructions to the patriarch.

#### **Daily Carries QIUSHI Table of Contents**

HK1403101794 Beijing RENMIN RIBAO in Chinese 14 Mar 94 p 6

["Table of Contents for QIUSHI No 6, 16 March 1994"]

[Text] Article by Li Peng: "Put Into Practice the Mayor Responsibility System, Successfully Carry out the 'Shopping Basket' Project"

Article by Tian Jujian: "A Review on 'Elegiac Address for 300th Anniversary of the 1644 Incident'—Written on the 350th Anniversary of 'the 1644 Incident'"

Article by Liu Houcheng: "Informal Discussion on Issues Concerning the Cultural Market"

Article: "Telescreen: Playing the Theme Melody—Thoughts on Shanghai's New Television Series"

Article by Li Zhongjie: "Strive To Create and Make Full Use of the Favorable International Environment—Studying Deng Xiaoping's Theory on International Strategy"

Article by Jiang Chunze: "Macroeconomic Control and Regulation Is an Inherent Requirement of the Modern Market Economic Structure"

Article by Liu Yi: "Open up a New Prospect in the Tourist Industry Amidst International Competition"

Article by Guo Fuchang and Wei Pengfei: "Promote Education in Nationality Regions, Bring About Common Prosperity"

Article by the Discipline Inspection Group of the CPC Central Commission for Discipline Inspection and the Supervisory Bureau of the Ministry of Supervision, both Stationed in the Ministry of Posts and Telecommunications: "Unremittingly Check Unhealthy Trends in Trades"

Article by staff reporter Yao Meiping: "The 'Predicament' and Development of the Science of History"

Article by Zhong Yibing: "Reveal the True Nature of Life, Carry Forward the Heroic Spirit—on Television Drama 'Little Heroes in the Mine'"

Article by Guo Qingchen: "On 'Ma's Army'"

Article by Zhu Tiezhi: "Do Not 'Become Compliant' So Soon"

### Over 18 Million Muslims Celebrate Bairam Festival

OW1403163594 Beijing XINHUA in English 1449  
GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—More than 18 million Muslims of various nationalities in China celebrated their annual Bairam Festival today, marking the end of Ramadan.

On the Islamic calendar, Ramadan—the month of fasting—ran from February 12 to March 14 this year.

The traditional Bairam Festival, the ending of the fast, is celebrated every year by ten of China's Islamic minority nationalities—the Hui, Uygur, Kazak, Uzbek, Kirgiz, Tajik, Tatar, Bonan, Dongxiang and Salar.

The Chinese Government provides that all Muslims can have a day off today.

In Beijing, more than 10,000 Muslims went to 65 mosques in the city to pray and celebrate the festival. About 210,000 Muslims are living in Beijing.

This morning, some 1,600 Muslims gathered at the Niujie Mosque, the biggest one in Beijing, for prayers. Reciters from Iran recited with consent of the mosque's imam.

More than 300 representatives of minority nationalities attended a party this afternoon sponsored by the Beijing Fellowship of Ethnic Nationalities, together with some 50 deputies attending the on-going National People's Congress and the Chinese People's Political Consultative Conference in Beijing.

Also at the party were leaders from the National People's Congress, the State Nationalities Affairs Committee, the Islamic Association of China, and Beijing Municipal Government.

Muslims in northwest China's Ningxia Hui Autonomous Region, which is called China's "Islamic Region," under the arrangement of local governments, also hold various events today to celebrate the festival.

There are some 1.6 million Muslims in the region.

### Ni Zhifu, Others Mark Anniversary of Sun Yat-sen's Death

OW1203084394 Beijing XINHUA in English 0814  
GMT 12 Mar 94

[Text] Beijing, March 12 (XINHUA)—A ceremony to mark the 69th anniversary of Sun Yat-sen's death was held in Beijing today.

Sun was the great leader of the revolution of 1911, the Chinese bourgeois democratic revolution, that overthrew the Qing dynasty.

Among those who were present at the ceremony at Zhongshan Park were vice-chairmen of the Standing Committee of the National People's Congress Ni Zhifu, Sun Qimeng, Lei Jieqiong, Cheng Xiyuan, Lu Jiayi and Wu Jieping, and vice-chairmen of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) Ye Xuanping, Zhao Puchu and Sun Fuling.

The CPPCC National Committee, the Central Committee of the Kuomintang Revolutionary Committee, the United Front Department of the National Committee of the Chinese Communist Party and Beijing Municipal Government presented flower baskets in front of Sun's portrait.



**Statistics Reveal Improvement in People's Living Standards**

*OW1203072794 Beijing XINHUA in English 0648  
GMT 12 Mar 94*

[Text] Beijing, March 12 (XINHUA)—The Chinese people, riding the crest of the country's sustained economic growth during its 15-year reform drive, witnessed big increases in their income in 1993.

Last year, the per capita income of urban residents averaged 2,337 yuan, up 10.2 percent from 1992 and 7.4 times the figure for 1978. Average income for rural residents registered a 589.37 percent increase compared with 1978.

The country also saw bumper harvests in farming, stock-raising and fisheries, resulting in rich supplies on the country's over 80,000 free markets.

Thanks to fast industrial development, especially in the light industry, a growing number of high-quality daily necessities has entered Chinese people's homes.

By the end of 1993, there were 87.25 washing machines, 58.06 refrigerators, 80.71 color televisions, 81.62 stereo recorders, 26.31 cameras and 11.36 video recorders per one hundred urban households. Bicycles, sewing machines and watches were popular in the countryside. Modern electronic appliances like televisions and cameras also made their way into country homes.

Statistics show that the country grossed a record 1,223.7 billion yuan in the sales volume of consumer goods last year, increasing by 31.2 percent and 19.5 percent in cities and rural areas, respectively.

Living conditions also saw a considerable improvement in 1993, with a historic high of 266 million sq.m. In newly-built residences cropping up in urban areas. The per capita living space for urban and rural inhabitants jumped to 20 sq.m. and 7 sq.m. respectively, compared with 1978's 8.1 sq.m. and 3.6 sq.m.

There were over 1,400 billion yuan on Chinese people's deposit books last year, 70-fold the figure of 1978.

And life spans have become longer than before, with over 100 million elderly above the age of 60 in the country.

### **Military Chief Warns of Dangers of Cutting Defense Budget**

*OW1203090094 Taipei CNA in English 0742 GMT  
12 Mar 94*

[By Debbie Kuo]

[Text] Taipei, March 12 (CNA)—A military chief Saturday [12 March] urged the legislature to avoid deep cuts in Taiwan's military budget, warning that budget cuts could put the island at risk of attack.

Speaking at a seminar on military education, Chief of the General Staff Adm. Liu Ho-chien noted that Beijing has decided to increase its defense budget by 20 percent this year to top U.S.\$5.75 billion. He said that any cut in Taiwan's defense budget would further tip the already disproportionate cross-Taiwan Strait military balance. The Republic of China [ROC] military has requested a budget of U.S.\$ 9.1 billion plus an extra U.S.\$1.1 billion for the purchase of F-16s and Mirage 2000-5s.

Liu said, however, that he fully understood the government's desire to seek balanced national development despite the current financial difficulties.

Liu also warned that the potential military threat from Mainland China should not be underestimated.

Taiwan can never be too careful, he said, as Beijing has obtained a large amount of advanced weaponry from the former Soviet Union and the United States continues to pull its troops out of the Asian region.

Quoting Generalissimo Chiang Kai-shek who said "learn from your enemies," Liu emphasized the importance of military education, and said Taiwan should pay more attention to the development of the military on the mainland.

### **Premier Lien Chan Advocates Fair Trade**

*OW1203085694 Taipei CNA in English 0738 GMT  
12 Mar 94*

[By Y. C. Tsai]

[Text] Taipei, March 12 (CNA)—Premier Lien Chan said on Saturday [12 March] that the implementation of the Fair Trade Law has opened a new era of law and ethics for the Taiwan economy.

Addressing the opening ceremony of a three-day international seminar on fair trade at the Taipei International Convention Center, Lien noted that the Fair Trade Law has become an important part of Taiwan's strategy to promote economic liberalization and internationalization.

Fair competition will help ensure that all walks of life benefit from the results of economic development, and fair rules, which are the basis of economic ethics, will pave the way for fair competition, he stressed.

The premier expressed the hope that discussions at the international forum will help promote the planning and

enforcement of Taiwan's fair trade policies, thereby effectively safeguarding a fair trade order for domestic enterprises.

Wang Chih-kang, chairman of the cabinet-level Fair Trade Commission, said that Taiwan's Fair Trade Law has had positive impact on regulating the domestic trading order since it took effect in February 1992. The commission is sponsoring the seminar.

Guests present at the opening ceremony included Finance Minister Lin Chen-kuo and legislators C.C. Lin, Y.C. Hung, C.C. Lo, and W.P. Chiang.

Gerhard Schricker, director of Germany's Max Planck Institute, delivered the keynote speech on "maintaining competition" following the ceremony.

Twenty officials, scholars, and experts from the United States, Germany, Britain, Italy, Sweden, Japan, Australia, and the European Union are joining 200 of their Taiwan counterparts at the forum.

Participants will focus on such topics as monopolies, unfair competition, international conciliation, and enforcement cooperation.

### **Premier Lien's Work Report on Administration**

*OW3101135194 Taipei CHUNG YANG JIH PAO in  
Chinese 12 Jan 94 p 1*

["Make Efforts To Build a Modernized Nation—Full Text of Executive Yuan Premier Lien Chan's Special Report Delivered at a Monthly Meeting Held by the Chinese Kuomintang Central Committee on 10 January To Commemorate Dr. Sun Yat-sen"]

[Text] Chairman, Respectable Seniors, and Fellow Members:

Today, the Central Committee held a monthly meeting in January to commemorate Dr. Sun Yat-sen. It is a great honor for me to be entrusted to deliver a work report on administration at the meeting, and to explain to respectable seniors my administration ideals and concepts as well as the orientation for our efforts. First of all, I would like to wish everyone present here a Happy New Year; may everything turn out as you wish. Meanwhile, I also hope that I shall be able to draw up new plans and usher in a new situation under the guidance of the president and all respectable seniors so as to make new contributions to the party and our country.

Looking back on the past decade, we may say that the period constituted a stage in which the Republic of China [ROC] made the fastest progress in history. In politics, we lifted martial law and the ban on political parties and newspapers, terminated the period of mobilization for suppressing the communist rebellion, held elections for all the members of the National Assembly, and amended the Constitution by stages. As a result, we have laid a foundation for a certain scale of party politics, and the breadth and depth of our

democracy is catching up with that of the advanced countries in Europe and America. In our economic activities, oriented by the drive to liberalize and internationalize our economy, we stepped up capital construction and dedicated ourselves to upgrading the industries. As a result, the ROC has evolved from an economically developing country to a rising industrial country. In cross-strait relations, we lifted the ban on people's travel across the Taiwan Strait to visit their families, expanded cultural and economic exchanges between the two peoples, caused both sides of the Taiwan Strait to evolve from long-term separation to mutually beneficial exchanges, admitted the reality of separation between the two sides of the Taiwan Strait and their separate rules at present, insisted that the reunification of China should be achieved under the prospect of the establishment of a system in which all people are free and equally rich and by democratic and peaceful means, and, following this principle, opened up more space for international activities to maintain the position, rights, and interests that our country should have. In culture, the modern Chinese culture's capability to bring forth new ideas and to contain differences as well as its plurality blossomed in the garden of academic and creative freedom and condensed into a sense of living community. In addition, in society, the ideals of justice and fairness were gradually fulfilled in our policy and life and promoted social tranquility and harmony. The most striking mark was that per capita GNP increased from \$3,167 in 1984 to \$10,570 in 1993. This demonstrated the prosperity of the Republic of China [ROC] in a most truthful and objective way. This was a result of the implementation of the Three People's Principles by the Kuomintang [KMT] and the greatest gift it has presented to the nation. The period fully deserves to be praised as another "golden decade" in the history of the ROC.

#### Administration Ideals and Concepts

Of course, such drastic changes taking place in as short a period as 10 years would inevitably bring about numerous new problems due to the country's speedy operation [in various fields of endeavor]. For example, giving consideration to both democracy and rule by law at the same time, achieving harmony between the economy and culture, and making adjustments between fairness and efficiency remain tasks that require us to make continued efforts. However, what I would like to particularly mention here is that the principal objective that the ROC has been striving for more than four decades' to achieve on Taiwan is "modernization of the nation." By this we mean to establish, in politics, a democratic society based on the free will of all the people; to transform ourselves, in economic activities, from a society in which the traditional agriculture plays the dominant role into an advanced industrial country full of innovation and in which the development of science and technology plays the dominant role; and to enable the evolution of a peaceful society that encourages diverse development and contains various differences. At a juncture when the whole nation is making common efforts to achieve our objective, "modernization of the nation," I deeply feel that my responsibilities are heavy as I undertake the work of the Executive Yuan.

Looking ahead, I think the years to come are the most crucial period for our country. At present, the complete collapse of the Eastern European communist countries has changed the tradition of bipolar confrontation and, consequently, has reduced the risk of regional conflicts. Communist China's deepening economic reform is very attractive to capital in the Asia-Pacific Region. The success of the GATT Uruguay Round of talks, the forthcoming establishment of a new world trade organization, and the important progress made by economic conformity in Europe, America, and the Pacific Region show that the obstacles to cultural and economic exchange are gradually being eliminated. Every country in the world is going to vie with each other for leadership in an arena with fewer dividing lines and less protection. Each one strives to establish a new international order on the basis of freedom, human rights, and mutually beneficial economic relations and trade. It is very likely that the fulfillment of the ideal of a world village may accompany the advent of the 21st century. The last six years of the 20th century will precisely be the time for every country to improve its own condition, to warm up, and to be ready and waiting for a new era. We must seize this crucial period, smoothly accomplish our transformation tasks, and march to the sphere of "modernization" with one action so as to race against the advanced countries on a equal footing and from the same starting line. In other words, the next six years will be the most important period determining the future of our Chinese nation. This will depend on the extent of our efforts. As a ruling party, the KMT should, of course, undertake this great mission of our times. The government is bound by duty to shoulder the heavy responsibilities of administration.

It has been more than 10 months since I was ordered to take charge of the administrative work. I am deeply aware that our country is presently in a crucial period in which it will have to inherit the past and usher in the future, and that we must enhance the existing splendid achievements and accomplish all the projects designed to expedite the nation's transformation during this period. We must open the door for modernization when the 21st century arrives and lead the Chinese nation to regeneration.

Based on the understanding mentioned above, I think the Executive Yuan should achieve overall and forward-looking development in carrying out its work and should be a very capable government. Therefore, our administration ideals and concepts are:

- widen our horizon and use a broad international outlook to determine the position and orientation for national construction;
- achieve balanced development, eliminate unbalanced development, and strive for overall progress;
- respect and condense the will of the people and promote unity among all the people;
- and implement a forward-looking and practical policy on public utilities, look upon taking the rank of a



modernized nation in the 21st century as our objective, work quietly and in a down-to-earth manner, and score some achievements for the country and people.

### Overall Planning

The Executive Yuan will undertake overall planning to realize these ideals and concepts and to accomplish the major goal of national transformation. Today, I would like to deliver the following report, for your consideration, on several major trends in planning and administrative priorities:

### Great Constitutional Achievements

1. Within the bounds of rationality and legality, our great achievements in constitutional reform have inspired the healthy maturation of democratic politics and the implementation of local autonomy.

The ROC's progress in recent years in pursuing democratic politics on Taiwan is yet another achievement, after our country's economic development, and thus merits our attention. The quintessence of democratic politics is to consider people's interests and allow people to decide things in all matters. Instead of steering public opinion, the government's functions are to coordinate various interests through the application of professional knowledge and embody them in policies and practices that satisfy the requirements both of ideals and of practicality and find acceptance among the majority of people. Civil servants should go down to the grass roots and approach matters from a popular perspective. Policies are feasible only if they are supported by most people.

Next, we should maintain our stand on administering government affairs in strict accordance with the law. The law concedes that people's actions and activities are protected and inviolable; it is against the law to infringe upon them. Legal restrictions and prohibitions cannot be disregarded; tolerance in this respect amounts to negligence of duty. Administrative agencies are allowed to enforce, but not to violate, the law. To defuse public resentment, laws that are outdated, rigid, and out of step with society should be revised or abrogated according to legal procedures.

In addition, a democratic country must have a modern government whose hallmarks include "clean administration," which aims to expose and uproot embezzlement and malfeasance, and to guard against and eliminate government corruption and the practice of dispensing patronage. Other hallmarks are "efficiency," which means better organization, fewer personnel, streamlined operations, responsibility at various levels, improved administrative efficiency, and the efficient use of the country's resources; and "convenience for people," which aims to foster the concept of serving the people based on popular will. In 1993, the Executive Yuan formulated and implemented the "Plan for Administrative Reform," which calls on all administrative personnel to understand the country's situation and popular expectations, to renew their concepts by taking active and bold actions, not to be content with following the beaten path, and to attain the goal of streamlining administration

and making things easy for people. Currently, we are going all out to implement the plan, which may yield practical results after a considerable period of time.

Personally, I do not think a modern government should manage everything. Except for a few undertakings requiring government planning and attention because people cannot or will not launch them, or because they are not fit for people to run, the government, with its limited financial resources, manpower, and functions, should mainly be responsible for steering courses, drawing up rules, and creating an environment in which people can tap their potential and realize their ideals, in order to strengthen people's affinity with the country, deepen their concern for society, and enhance their confidence in the government. Therefore, popular participation and implementation of local autonomy are the Executive Yuan's future administrative priorities.

We should improve the relationship between the "government" and "people" through all means. Specifically, we should start with local autonomy and allow people to express their views, through the "ballot" and "tax payment," on matters of immediate concern to them, and solve common problems, so as to realize the ideal of creating a responsible government through responsible people. We have now completed the drafts of the "Law on Provincial and County Autonomy," the "Law on Autonomy for Cities Under the Central Government," the "Law on Delineating Administrative Divisions," and the "Amendments to the Election and Recall Law." Following the completion of the legislative process, we can hold extensive elections aimed at implementing local autonomy and partially realize the ideal of constitutional reform. Democracy is the surging trend of the times. Dr. Sun Yat-sen said: "The tide of the world roars ahead. Those who swim with it will prosper, while those who swim against it will perish." Buffeted by the tide, we have no choice but to swim with it, and we cannot avert it.

### Intensifying Economic Liberalization

2. We will continue to promote and strengthen the strategy of liberalizing the economic system, using our country's superior manpower to usher in a phase of economic development driven primarily by science and technology.

Over the past four decades, our country's economy has gone through an import substitution period in which the government exercised "internal control" and "closed the country off to the outside world," as well as an "export-oriented" period in which the government mainly pursued a planned *laissez-faire* economy; it has achieved splendid results in both periods. The global trend of liberalization, as well as our country's current environment and conditions reinforced by economic development, will inevitably lead to liberalization and internationalization, which can be achieved essentially through the improvement of human quality and competitiveness.

To improve human quality, we will reform education and intensify vocational training. In reforming education, we

must take a more realistic approach toward rebuilding ethical, moral, and value standards to keep pace with current and future social, political, economic, and cultural development trends; to satisfy popular aspirations and demands for knowledge and advanced studies; and to accommodate the growing liberalization and openness of our society. In addition, we will ensure that "human resources" will contribute to economic development, quicken the pace of planning and instituting an educational system based chiefly on lifetime education, expand adult education, popularize education, effect flexible exchanges and operations within the educational system, adopt flexible and varied admission standards, and institute an educational system that caters to different special aptitudes. We have completed amendments to the "University Law," thereby giving universities room for independent academic development. We also have revised the "Law on Teachers' Education" and formulated the "Teachers' Law" to expand the channels for sourcing qualified teaching staffs. Along with the implementation of a teachers' licensing system, we will improve the qualifications of primary and middle-school teachers in the future. We will promote a system of tailoring technical and vocational education to professional licensing requirements and establish more technical colleges to clear the channels for technical and vocational school students to pursue advanced studies in order to accommodate future social demands stemming from industrial restructuring. We will also chart and promote the "Plan for Developing and Improving Technical Education in Junior Middle Schools—Toward the Goal of 10-Year Compulsory Education." To search for effective measures to cope with various educational reforms, the government is actively making plans for the national educational conference scheduled for late June in hopes of drawing on collective wisdom, devising a grand scheme, and painting a completely new and magnificent picture for our country's education in the 21st century. Moreover, we will also reform our vocational training facilities, vocation types, and the substance and form of vocational training to improve pre-job training and strengthen retraining for people transferred to other jobs, in-service training, and training in secondary skills. To upgrade the technical levels of personnel engaged in economic construction and cater to the needs of industrial upgrading and economic internationalization and liberalization, we will also promote and implement a technicians' licensing system that integrates training, examination, and employment.

A very important task in increasing our economic competitiveness and improving all aspects of our investment climate is to accelerate industrial restructuring and upgrading. The Executive Yuan has formulated and is actively implementing the "Plan for Economic Rejuvenation"; it has adopted concrete strategies, which can be implemented immediately, to tackle such key factors as accelerating industrial upgrading and strengthening the operational structure of small and medium businesses, as well as various problems currently affecting private-sector investment. To attract domestic and foreign investment and create broad prospects for economic development, we

are also devising plans to exploit Taiwan's special geographic and economic conditions in developing the Taiwan area into a multifunctional business center in the Asia-Pacific region; promoting the free flow of skilled manpower, capital, and commodities; and stimulating the exchange of information. Moreover, one of the important conditions for ensuring continuing growth in personal income in the wake of economic modernization is to permit flexible changes in the industrial structure. In terms of policy, the Executive Yuan will further push various production factors onto a more competitive path, in addition to intensifying efforts to promote established long- and medium-range plans for scientific and technological development, with a view to reinforcing our industrial technological prowess and creating an environment in which to develop industrial technology. In my opinion, this policy course carries vital importance for our country's shift toward a modern economic system. This is because for a long time after World War II, the West used currency, interest rate, and tax policies to upgrade investment levels, increase demand for essential goods, and attain the goal of full employment. Such investment policies, which primarily aimed to create demand for essential goods, were also implemented in our country. In view of our country's impending status as a modern state, however, the so-called "improvement of the investment climate" should be achieved by channeling various production resources toward development of the most competitive, vibrant, and creative industries through the operation of market mechanisms. In other words, in the future our economy as a whole must acquire an ability to repeat its pioneering process as well as a flexible ability to adapt to change, with a view to promoting industrial upgrading and attaining the goal of continuously readjusting the industrial structure. Such "supply-oriented" economic concepts are new ideas in the contemporary world.

#### Promoting the Southbound Policy

A country's main production factors include land, capital, manpower, and intellectual property amassed in the course of scientific and technological development. Central to the introduction of "supply-oriented" improvements in the investment climate is the establishment of competitive markets for land, finance, manpower, and intellectual property rights. The next important step is to bring automatic regulatory and control mechanisms into full play through effective market operations, with a view to achieving the goal of introducing flexible changes in the industrial structure. Based on this concept, the Executive Yuan will adopt the following measures regarding the markets for various production factors:

—While we certainly should stress the principle of "fairness and justice" concerning land utilization, we will emphasize the efficiency of land utilization and increase land supply so that enterprises can rent or buy land needed for manufacturing in accordance with the principle of competitiveness during the process of economic development. The Executive Yuan will formulate sweeping plans regarding land issues.

—Regarding the financial market, we will place greater emphasis on the efficiency of financial markets, continue to lift government restrictions on setting up intermediary financial institutions in accordance with the trend of liberalization, and encourage more foreign intermediary agencies to compete in our country, with a view to further opening up our financial market. These administrative strategies have arisen from the prevailing situation.

—Regarding the market for manpower, one of the main reasons for our country's miraculous economic development is the possession of excellent human resources. In the past, we allocated manpower to different industries in accordance with the principle of competitiveness and maintained harmonious relations between employers and employees on such issues as wages, dismissal, and job change while preserving flexibility in adapting to changes in the industrial structure. Maintaining "a competitive labor market and harmonious relations between management and labor" is indeed the greatest guarantee for our country to continually attract investment and effectively improve the investment climate. It is a matter that merits our attention.

In addition, liberalization is a world trend arising from changes in the international economic situation. This trend of change will inevitably link the ROC's "domestic market" with the "world market" more closely than ever. To meet the challenges posed by our forthcoming participation in the GATT, we must vigorously carry out adjustment of various systems. Therefore, the ROC will gradually open its domestic market to foreign investments, lift the policy on protectionism for the agricultural sector, and promote the management of government enterprises by the private sector. Gaining admission to the GATT is the primary goal of our vigorous efforts to participate in international organizations. The Executive Yuan will treat the promotion of the southbound policy which targets ASEAN and the expansion of our international economic relations and trade as well as the space for development as the specific objectives for its administration.

#### **Treat 12 Construction Projects as the Focal Points of Administration**

3. We must join the forces of the government with those of the people to carry out the construction of various major projects and achieve balanced development of the country.

Our country has gone through the implementation of nine economic construction plans and continues to promote major construction plans, which involve 10 projects and 14 projects and the Six-Year National Development Plan. National construction is a continuous and endless job. The Executive Yuan reviewed and rearranged the Six-Year National Development Plan into 632 programs in the light of the needs of our country, our capabilities for actual implementation, and

the government's financial resources, and then instructed relevant organs to conscientiously promote their implementation. However, the Executive Yuan will place more emphasis on achieving "balanced" development and on encouraging participation by the private sector in promoting the major national construction projects in the future. By "balanced" development we mean rationally allocating the government's financial resources to different departments and areas in order that both the central and local governments, both hardware and software, and both the economic sector and cultural circles may receive an allocation of resources. We encourage participation by the private sector in order that we may use the guidelines of the "Regulations on Encouraging the Private Sector To Participate in Major Communications Projects" to promote the construction of major national projects and, above all, rely on the forces of the private sector to help the government surmount the many difficulties it has encountered with respect to trained personnel and experiences. It is hoped that the private sector can cherish the breadth of vision of offering a present to society in return and can help the government promote all national construction projects. Looking ahead, the government will treat the following 12 construction projects as the focal points of administration in addition to making continued efforts to promote the Six-Year National Development Plan as well as relevant key construction projects, and will enlist the help of all people to draw up specific measures for their implementation:

- (1) Renovate and install educational facilities at middle and primary schools.
- (2) Build recreational areas as well as parks and sports facilities in cities.
- (3) Install more cultural facilities, both software and hardware, in provinces (municipalities), counties (cities), townships and towns, and communities.
- (4) Develop new cities and towns and build public housing units.
- (5) Improve public transportation and carry out comprehensive construction of road systems and parking lots in and around communities.
- (6) Build industrial and commercial complex areas.
- (7) Speed up the construction of garbage incinerators and sites for garbage disposal by burying them underground.
- (8) Step up the development and control of water resources.
- (9) Build a south-north high-speed railway.
- (10) Build a rapid transit system in the metropolitan area of Kaohsiung and build subways in the cities of Taichung and Tainan.
- (11) Carry out construction of the next phase project of the second freeway and build an east-west superhighway.



(12) Make a plan for the construction of an east-west superhighway in central Taiwan.

#### Actively Promote Social Welfare Measures

4. Guided by the principle of giving consideration to both the soundness of the government's finance and justice and fairness in society, we must actively promote social welfare measures.

Justice and fairness in society is an issue to which any modern nation must pay close attention. Besides providing an equal right for everyone to have the opportunity for education, employment, and participation in government affairs, our country will adopt a policy to strive for equality in income through taxes on rent and disbursement transfers. Our basic practice regarding social welfare measures is to let the government look after those who need to be looked after. Therefore, beginning from the next fiscal year, we are going to increase living allowances for the elderly people who have only medium or low income; those elderly people whose income is less than 1.5 times the minimum living standard will be entitled to a monthly allowance of 6,000 new Taiwan dollars [NT\$] and those elderly people whose income is in the bracket between 1.5 and 2 times the minimum living standard are entitled to a monthly allowance of NT\$3,000. The government will continue to implement supportive measures for medical care, employment, and education, supplemented by launching projects to provide jobs by way of relief, by conducting vocational training, and by offering loans for people to start a business. The government will give priority to looking after elderly people who have no one to support them, people who are seriously disabled, patients suffering from chronic diseases, vegetarians [zhiwuren 2784 3670 0086], and so forth. The government will give better guidance to women, children, and youngsters and strengthen protection for them. In addition, we shall enlist the help of all the people and do our best to promote the system of "health insurance for all the people" as well as the "citizens' annuity" system.

The system of health insurance for all the people combines the existing medical care services for government employees, laborers, and farmers; expands the scope of the insured to cover all citizens; and is developing into a unitary health insurance system in which the insurance premium is equitably shared and which entitles all citizens to basic medical care. We are expediting the legislative procedures for relevant laws and hope to successfully implement the system by the end of this year. As regards the "citizens' annuity" system, we hope

to guarantee that every citizen will be free from want when they are old by means of compulsory savings and through joint efforts by the government and people. The system is being planned by relevant organs and will be rearranged by the Council for Economic Planning and Development. We also hope that it will be completed this year. As these two systems are important administrative measures that have a bearing on the welfare of all the people, the Executive Yuan shall plan and promote them with utmost circumspection and, meanwhile, will call on the whole nation to support them.

#### Maintain Sound Finance

Although our country is marching to join the ranks of advanced industrial countries, we must draw a lesson from the mistakes made by them in the past. The "welfare state" practice adopted by many advanced countries in Europe and America in the past has not only led to financial deficits from which they cannot extricate themselves, but it has ultimately resulted in a vicious circle, plunging both the economy and society into predicaments for which they can find no solution. A movement to make revisions to the welfare state is in the making in both Europe and America. It is really necessary for our country to understand this trend. Taxpayers are willing to look after old widowers, widows, and lonely people who are unable to look after themselves by paying taxes. However, according to Chinese cultural tradition, it is the children's duty to support and wait upon their parents, and working industriously is the way to live and become wealthy. The government must keep up the tradition. Therefore, I think it is an important responsibility of the government to maintain sound finance. Besides having made a five-year-long plan for the government's finance, we are gradually adjusting the order of priority for various government expenditures by increasing production-related expenditures and reducing consumption-related expenditures, and we shall see to it that taxpayers' tax burden is maintained under a reasonable ceiling.

As far as my colleagues in the administrative departments are concerned, the year 1994 makes them feel that they have heavy responsibilities and poses great challenges because we realize that a new face and new problems have cropped up in the environment at home and abroad which we must confront and resolve. When we inherit the achievements from the past and look ahead to the advent of the 21st century, all citizens look forward to the nation's modernization. Therefore, we must double our efforts, surmount every difficulty, and look forward to its fulfillment. I sincerely hope that all respectable seniors will not stint their criticisms.

## Hong Kong

### Lu Ping, Zhou Nan Experience 'War of Words' Over Hong Kong

HK1403070094 Hong Kong HSIN PAO in Chinese  
 11 Mar 94 p 29

[By Wang Tzu-yen (3076 1311 0917): "Lu Ping and Zhou Nan Fight 'War of Words' in Shenzhen and Hong Kong"]

[Text] Last Friday evening [4 March], Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, attended the annual Hong Kong and Macao regional meeting of the International Rotary Club, at which he delivered a long speech with an emotional color. In a curious coincidence, Zhou Nan, director of the XINHUA Hong Kong Branch, also made a speech at a ceremony held in Hong Kong on the morning of the same day, at which letters of appointment were conferred on regional affairs advisers. The next day, many newspapers in Hong Kong gave wide coverage to the content of Lu's speech. The media also made favorable comments and some people even described it as Lu's "most pleasant" speech since taking office. As for Zhou's speech, which was delivered along the "diplomatic line," other major newspapers, with the exception of some leftist papers, mentioned it only briefly.

It is extremely rare for the two senior Chinese leaders in charge of Hong Kong and Macao affairs to fight a "war of words" on the same day. Viewed from the angle of reporting and the media, it is clear that Lu Ping has won this round. Most Hong Kong media, however, seem to treat Lu's speech in Shenzhen as a propaganda stunt aimed at reassuring Hong Kong people, but readers who are truly familiar with CPC internal operations should be able to see that Lu made the speech with something in mind and that it has profound significance.

First, in his speech Lu did not criticize or struggle against the British and Chris Patten with a "clear-cut stand" as Zhou Nan did. Instead of touching on the current Sino-British tensions and fierce argument, he talked glibly about the prospects and expectations entertained by the Chinese side and himself for Hong Kong's bright future, stressing that Hong Kong would continue to preserve its role as a bridge of capitalism beyond 1997. The moderate tone is clearly different from the tough approach taken by the Chinese Ministry of Foreign Affairs and the XINHUA NEWS AGENCY, but tallies with the government work report delivered by Li Peng at the National People's Congress session. Obviously, Lu Ping's speech is more in keeping with the latest spirit of the Chinese leadership on the Hong Kong issue than Zhou Nan's.

### Lu Ping Boldly Criticizes Chinese Officials

Second, in Shenzhen, Lu Ping again raised the slogan of "Hong Kong people ruling Hong Kong and a high degree of self-government." Raised in 1982, when the Chinese

side worked out their initial plan for recovering sovereignty over Hong Kong and regarded as a basic principle Deng Xiaoping's concept of "one country, two systems," the slogan has not been mentioned for a long time. After the 4 June Incident, the Chinese side talked only about "recovering sovereignty," but not of "Hong Kong people ruling Hong Kong and a high degree of self-government." However, when enunciating the specific embodiments of this policy in Shenzhen, Lu quoted many policies and principles that the Chinese side repeatedly stressed in those years and in the drafting of which he had a personal hand.

Of all in-service cadres in the Hong Kong and Macao Affairs Office and even in the entire Chinese Government system, Lu Ping was the longest-serving official involved in Hong Kong and Macao affairs. Although there are others more senior than he, they have "joined the ranks halfway," and although some have worked longer than he, they have either retired or have been transferred to other posts. In 1981, when China decided to study the issue of recovering sovereignty over Hong Kong, Lu was selected by Liao Chengzhi, then director of the Hong Kong and Macao Affairs Office, and appointed head of a three-man research group, and so began to get involved in Hong Kong and Macao affairs. Since then, he has established an indissoluble bond with the Hong Kong and Macao region. The 13-character principle on recovering Hong Kong's sovereignty which was studied and worked out by the group later became China's basic policy in handling the Hong Kong issue and was incorporated into the Sino-British Joint Declaration and the Basic Law. However, most cadres now taking charge of the Hong Kong and Macao affairs, including Zhou Nan, do not quite understand the process in which these basic policies were deliberated and formulated. Nor do they know the careful consideration of the Chinese policymakers of the older generation. Perhaps for this reason, in his capacity as one experienced in this respect, Lu Ping boldly criticized some Chinese officials, "including some senior cadres," saying they do not quite understand the Basic Law and that "their statements do not tally with the Basic Law."

It has been learned that a substantial number of people in the Chinese hierarchy have always taken exception to the tough policy adopted by the authorities toward Hong Kong, holding that many of the current practices run counter to the policy when China originally planned to recover sovereignty over Hong Kong. On many occasions they called on the top leadership to "set things to rights and make a thorough overhaul," but these views have never been accepted and even have been suppressed. The fact that Lu wittingly reaffirmed previous principles and policies in Shenzhen seems to show that the "non-mainstream" views have been accepted by the top leadership.

### Two Major Leftist Papers in Hong Kong Delete Lu Ping's Statement

What is strange, however, is that the two major leftist newspapers in Hong Kong dealt with the speeches of Lu Ping and Zhou Nan in a way that gives people much food for thought. Although WEN WEI PO and TA KUNG PAO carried the full text of their speeches the following day, both put Zhou's speech on the front page, as if by prior agreement. Lu's speech, however, was placed in an non-prominent position on page four. WEN WEI PO even handled Lu's speech as an ordinary contribution by placing it after the opinion page.

What is more, the two newspapers deleted some of the content of Lu's speech. When saying that some statements by Chinese officials did not tally with the Basic Law, Lu explicitly said that some Chinese officials, "including some senior officials, do not quite understand the Basic Law, either." However, this remark was deleted by the two papers. Moreover, toward the end of his speech Lu Ping left the text of his speech to air his view on the post-1997 Hong Kong airport issue and the future political structure. Being quite liberal, this passage was quite acceptable to Hong Kong people, but it was deleted by the two papers altogether.

What is the reason behind this alteration? This writer dares not make a presumptuous judgment, but ordinarily the leftist papers must seek instructions from the propaganda department of the XINHUA NEWS AGENCY before dealing with such important manuscripts.

### Official Blames Britain for Lack of 'Through Train'

HK1403042494 Beijing XINHUA Hong Kong Service in Chinese 1524 GMT 11 Mar 94

[Text] Hong Kong, 11 Mar (XINHUA)—On 10 March, Zhang Junsheng, deputy director of the XINHUA Hong Kong Branch, said that because the British Hong Kong authorities brought the second part of their constitutional reform package to the Legislative Council, they had completely pulled up the rails for the through train and once again laid bare their true, perfidious features. He stressed that after the complete termination of British colonial rule in Hong Kong on 30 June 1997, the Chinese side certainly will join hands with Hong Kong people in effecting Hong Kong's smooth transition according to the Basic Law and the relevant decisions made by the National People's Congress.

Zhang Junsheng made this statement when answering reporters' questions following a news conference about an international tourist festival in China this year.

Zhang Junsheng pointed out: Now, the British Hong Kong authorities may submit or pass whatever bills they like, and this is their business. He reiterated: As there is no agreement between China and Britain, the three-tiered political structure set up by the British Hong Kong authorities definitely will come to an end as a whole,

together with the end of the British colonial rule on 30 June 1997. The Chinese Government will re-establish the three-tiered councils of the future special administrative region [SAR] government according to the Basic Law and the relevant decisions of the National People's Congress. The Chinese side and Hong Kong people will be completely able to do a good job in arranging Hong Kong's transition.

Zhang Junsheng said: In the past, the British side proposed the through-train arrangement, and the Chinese side accepted it. However, the British side now does not want to see any convergence or any through train by simply removing the rails for the through train. This once again has exposed their real feature of not keeping diplomatic promises. The behavior of the British side has wasted a lot of our time and energy, and also has caused a certain amount of concern to Hong Kong people. As the British side broke its promise and provoked an open debate, Hong Kong society was split and social shocks were caused; certain economic losses also were caused.

Zhang Junsheng reiterated that since the British side refused cooperation, we should join hands with Hong Kong people and work more intensively. We will be completely able to properly arrange Hong Kong's transition and set up the SAR Government.

### Editorial Criticizes UK Policy in Territory

HK1203073894 Hong Kong WEN WEI PO in Chinese 12 Mar 94 p 2

[Editorial: "Colonial Rule Is Going To End"]

[Text] There are still people who, in their flights of fancy, want to continue colonialism in an alternative form and a surrogate colonial rule with which to resist the return of the sovereignty over a land to its sovereign state when, globally, colonialism is on its way out. Britain is producing a Hong Kong version of "sunset imperial power" in a vain attempt to preserve its political and economic interests in Hong Kong. It signed the Sino-British Joint Declaration, committing itself to cooperating and negotiating with China on the handover of political powers and a smooth transition in the latter half of the transition period. However, after he came to Hong Kong, Chris Patten reneged on the promise, refused to cooperate and negotiate as required by the provisions of Annex II, set up his own agenda, and deliberately created a situation which is not going to converge with the Basic Law. The presentation of Patten's package to the Legislative Council [Legco] shows that the British have determinedly turned their back on convergence and cooperation.

Premier Li Peng responded firmly to Britain's attempt to continue its rule in his Government Work Report to the National People's Congress [NPC]: "Britain's colonial rule over Hong Kong is going to end. This is something no force can resist." "Whatever the twists and turns, the



Chinese Government and Chinese people are determined and capable of restoring sovereignty over Hong Kong and maintaining its long-term stability and prosperity."

The phrase demonstrates the solemn position of the Chinese government. What Britain is now pursuing in Hong Kong is colonial rule. This is a fact. If Britain is sincere in implementing the Joint Declaration and pursuing friendly cooperation, its interests thereby reside in the joint declaration. However, since Britain has refused to cooperate, naturally it has to be responsible for the consequences that flow from the refusal.

Colonialists do not have any political, legal, or moral right to dictate the future of the Hong Kong Special Administrative Region [SAR] or to continue its influence and extend its terms of rule by doing what is properly the SAR Preparatory Committee's work, that is, organizing the first government and legislature for the SAR. The Chinese Government will work firmly in accordance with the Joint Declaration. Britain's colonial rule over Hong Kong has to end. The council founded on the Letters Patent and Royal Instructions will die "a natural death" when the hour strikes. On 1 July 1997, China will restore its sovereignty over Hong Kong and the councils erected on Patten's package will end on the same day. China will form the first government, legislature, and the two municipal councils in accordance with the Basic Law and NPC resolutions. This is a changeover of sovereignty, not a change of government within a country. The Joint Declaration announced long ago that colonial rule would end. Nobody can resist this historical progress.

Before Patten's package was presented to the Legco, there was still a possibility of the convergence of the political systems. The Chinese Government still hoped that Britain would repent but Britain pushed the matter beyond the point of no return by presenting Patten's package to the Legco; there will not be cooperation in the transition of the political system and China does not entertain any illusions about Britain. China will not do anything useless. Since there is no possibility of cooperation, China can only open an effective road toward restoring sovereignty over Hong Kong and maintaining Hong Kong's prosperity and stability.

The Chinese people are blessed with the courage of not being daunted by difficulties or rugged terrain. If the Chinese Government wants to restore its sovereignty over Hong Kong, it will have the ability, together with Hong Kong citizens, to achieve a smooth transition and form the SAR government and legislature to enable Hong Kong's prosperity and stability to continue. By pretending to enter into negotiations Britain has wasted China's valuable time for arranging for the SAR. Premier Li Peng's discourse in his government work report on the

problem of Hong Kong indicated that the Chinese Government will count on the power of the Chinese people and rising national power, intensify and speed up the Preliminary Work Committee work, unify Hong Kong compatriots on a broad basis, and successfully pursue the early-phase preparations for the SAR government and legislature with one mind and through joint efforts. This historic task must see results before 1996. The Preparatory Committee must be created in 1996 to ensure that the political powers are effectively taken over.

The government work report is a great encouragement for all patriotic and Hong Kong-loving people. The Hong Kong people will not let their motherland down and will do their best to make the establishment of the SAR a glorious chapter in their history. Britain's attempt to resist China's restoring its sovereignty over Hong Kong will end in total failure.

### Leading Banker Urges End to U.S. Dollar Peg

HK1103124694 Hong Kong AFP in English 1111 GMT 11 Mar 94

[Text] Hong Kong, March 11 (AFP)—One of Hong Kong's most influential bankers called Friday for an end to the local dollar's peg to the U.S. greenback, saying it was a major cause of chronic inflation in the territory. Bank of East Asia Ltd. Chairman David Li said the 10-year-old peg should be replaced—after consultations with China, which takes back Hong Kong in 1997—with a trade-weighted basket of currencies. "Singapore does it. Taiwan does it. Even China does it," he said.

Inflation eased slightly to 8.5 percent for working-class households in 1993, and Financial Secretary Sir Hamish Macleod has forecast a similar level for this year. But the British administration has its hands tied because the dollar peg surrenders monetary policy to the U.S. Federal Reserve, which is preoccupied with kick-starting the U.S. economy out of recession.

The Hong Kong dollar was pegged at 7.80 per U.S. dollar in October 1983, when Sino-British talks on returning the colony to China in 1997 triggered a crisis of confidence and a flight of capital. With Hong Kong now an economic dynamo, the local dollar has consistently been on the strong side, but the Hong Kong government has repeatedly argued that the peg must stay to guarantee financial stability. Li, who also represents the banking industry in the Legislative Council, disagreed strongly with that view, saying: "Some of our very high power people have their heads in the sand."

In a speech to the conference organized by the FAR EASTERN ECONOMIC REVIEW magazine, Li said inflation was fast robbing Hong Kong of its competitive edge against Malaysia, Singapore, South Korea and Taiwan. "Inflation is the single greatest threat to our competitiveness," he said. "It is simply too high. Day after day, month by month, we are pricing ourselves out of the market."

**END OF**

**FICHE**

**DATE FILMED**

15 MAR 1994

